

City of Glen Cove, New York

Financial Statements and
Supplementary Information

Year Ended December 31, 2015

City of Glen Cove, New York

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Independent Auditors' Report

**The Honorable Mayor and the City Council
of the City of Glen Cove, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Glen Cove, New York ("City") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Glen Cove Community Development Agency (a component unit) and the Glen Cove Industrial Development Agency (a component unit) for the year ended December 31, 2015. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to amounts included for such component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of December 31, 2015 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Water funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 2C and Note 3G in the notes to the financial statements which disclose the effects of the City's adoption of the provisions of Governmental Accounting Standards Board Statement Nos. 68 "*Accounting and Financial Reporting for Pensions*" and 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date*". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America requires that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2016 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

August 9, 2016

City of Glen Cove, New York

Management's Discussion and Analysis December 31, 2015

Introduction

As management of the City of Glen Cove, New York, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. Please read this in conjunction with the basic financial statements and the accompanying notes to those statements that follow this section to enhance understanding of the City's financial performance.

Financial Highlights

- On the government-wide financial statements, the assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$541,401 (net position). This is an increase in the net position of \$4,156,048 from the prior year. This increase was the result of operating gains for the year and declines in receivable balances at year end. Of this amount, the unrestricted portion is a deficit \$56.8 million. This deficit results primarily from the accrual of certain operating liabilities pursuant to GASB Statement No. 34, which will be satisfied in future years, coupled with the deficits reported in the governmental funds.
- The City's governmental fund financial statements report a combined ending deficit fund balance of \$18.9 million, inclusive of a \$17.2 million deficit in the Capital Projects Fund. The operating funds, exclusive of the Capital Projects Fund, reported a combined deficit of \$1.7 million, an overall decrease of \$1.5 million. The increase in the deficit in the Capital Projects Fund, \$8.2 million, was the result of the issuance of short term financing, which is not realized as revenue until it is converted to long term debt and the increase, of approximately \$5.0 million, in capital project expenditures. Exclusive of the Capital Projects Fund, the total deficit in the operational funds was \$1.7 million, a decrease of \$1.5 million from the prior year.
- At the end of the current fiscal year, the City's long-term debt (due in more than one year) was \$78.3 million, a decrease from the prior year of \$2.2 million; this was the result of converting various short term notes to long term.
- For the year 2015, the General Fund showed an operating gain of \$994,100.
- For the year ended December 31, 2015, the City implemented the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions". This pronouncement established new accounting and financial reporting requirements associated with the City's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"). Under the new standards, cost sharing employers are required to report in their government-wide financial statements a net position liability (asset), pension expense and pension -related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all municipalities and school district in the plan. At December 31, 2015, the City reported in its Statement of Net Position a liability of \$1,714,833 for its

proportionate share of the ERS net pension liabilities. The net pension liability was measured as of March 31, 2015, and the pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At December 31, 2015, the City's proportion was .0309992% for ERS. For the first year of implementation, the System reported no change in the allocation percentage measured as of March 31, 2014. More detailed information about the City's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources is presented in the notes to the financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains combining and individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* represents information on all of the City's assets and liabilities and deferred inflows/outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information reflecting how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City include general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

The government-wide financial statements can be found on the pages immediately following this section as the first three pages of the basic financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Water Fund, Debt Service Fund and Capital Projects Fund which are considered to be major funds. The Golf and Recreation Fund and Special Purpose Fund are grouped together as non-major governmental funds. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Water Fund, Debt Service Fund and Golf and Recreation Fund. A budgetary comparison statement has been provided for the General Fund and Water Fund within the basic financial statements to demonstrate compliance with their respective budgets.

The governmental fund financial statements can be found in the basic financial statements section of this report.

Proprietary Fund

The City maintains a *proprietary* fund, which is an *internal service fund*, to account for its self-insured workers' compensation and general liability claims program. *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions. These benefits have been included within the governmental activities in the government-wide financial statements.

The proprietary fund financial statements can be found in the basic financial statements section of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located following the basic financial statements section of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$541,401 at the close of the current fiscal year

NET POSITION

	<u>2015</u>	<u>2014</u>
Current Assets	\$ 47,693,014	\$ 47,963,318
Capital Assets	97,068,506	92,456,738
Total Assets	<u>144,761,520</u>	<u>140,420,056</u>
Deferred Outflows	<u>2,711,887</u>	<u>-</u>
Current Liabilities	25,730,312	21,698,093
Long-term Liabilities	91,379,212	92,167,274
Total Liabilities	<u>117,109,524</u>	<u>113,865,367</u>
Deferred Inflows	<u>29,822,482</u>	<u>30,169,336</u>
Net Position		
Net investment in Capital Assets	55,461,696	55,233,873
Restricted	1,845,013	2,232,827
Unrestricted	<u>(56,765,308)</u>	<u>(61,081,347)</u>
Total Net Position	<u>\$ 541,401</u>	<u>\$ (3,614,647)</u>

One of the largest components of the City's net assets reflects its net investment in capital assets, which amounts to \$55,461,696. The City uses these capital assets to provide services to its citizens and consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be utilized to liquidate these liabilities.

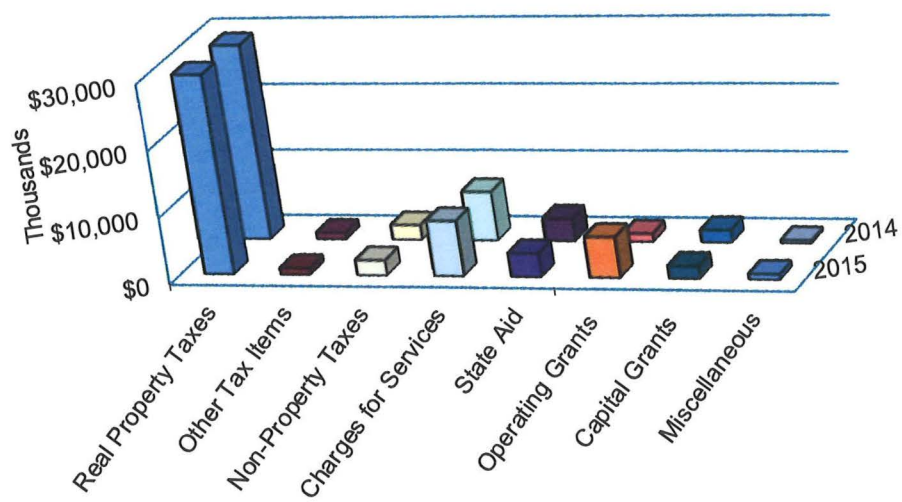
Restricted net assets comprise two components one of which is \$13,005 which represents Trust Fund resources that are subject to external restrictions on how they may be used with the other being \$1,832,008 in funds restricted for debt service payments.

The remaining balance is unrestricted net position and aggregates a negative \$56,765,308, which must be financed from future operations. This deficit results from a combination of both the deficits in the operating funds (exclusive of the Capital Projects Fund but inclusive of the Internal Service Fund), plus the City's long term commitments, including repayment of loans to the New York State retirement systems (\$4,279,743), compensated absences (\$13,045,053) and other post-employment benefit obligations (\$29,924,294). These obligations are greater than currently available resources. Payments for these liabilities will be budgeted in the year the actual payment will be made.

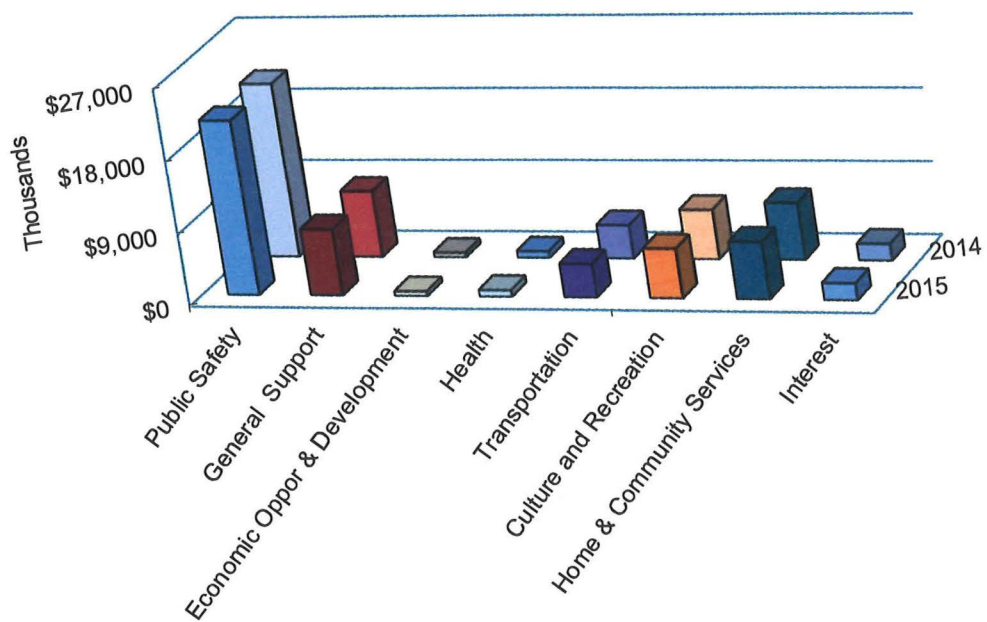
Changes in Net Position

	2015	2014
REVENUES		
Program Revenues		
Charges for Services	\$ 8,189,778	\$ 7,285,850
Operating Grants and Contributions	5,998,974	1,193,316
Capital Grants and Contributions	1,841,372	1,808,546
General Revenues		
Real Property Taxes	29,886,507	29,308,151
Other Tax Items	979,205	1,006,169
Non-Property Taxes	2,254,527	2,212,776
Unrestricted Use of Money and Property	1,887	2,751
Sale of property and compensation for loss	17,650	4,450
Unrestricted State Aid	3,462,874	3,374,449
Miscellaneous	770,417	426,502
Total Revenues	<u>53,403,191</u>	<u>46,622,960</u>
PROGRAM EXPENSES		
General Government Support	9,024,017	8,259,806
Public Safety	18,448,233	21,738,528
Health	1,086,769	797,065
Transportation	4,831,629	4,090,539
Economic Opportunity and Development	525,417	567,266
Culture and Recreation	6,580,666	6,095,567
Home and Community Services	7,051,370	6,997,036
Interest	2,022,312	2,051,403
Total Expenses	<u>49,570,413</u>	<u>50,597,210</u>
Change in Net Position	<u>3,832,778</u>	<u>(3,974,250)</u>
NET POSITION		
Beginning, as reported	(3,614,647)	359,603
Cumulative Effect of Change in Accounting Principle	<u>323,270</u>	<u>-</u>
Beginning, As Restated	<u>(3,291,377)</u>	<u>359,603</u>
Ending	<u>\$ 541,401</u>	<u>\$ (3,614,647)</u>

Sources of Revenue for Fiscal Years 2014 & 2015
Governmental Activities



Expense Functions for Fiscal Years 2014 & 2015
Governmental Activities



Governmental activities increased the City's net position by \$3,832,778 for the current fiscal year. The total City governmental activities revenues were \$53.4 million. Real property taxes revenues showed an increase from the prior year of more than \$578,000, along with a decline in other tax items (\$26,964) and an increase in miscellaneous revenues (\$343,915). Non-property tax revenues increased from the prior year by \$42,000 (increase in sales tax). Charges for services reflected increases from the prior year by \$903,928. Revenues received from operating grants increased by \$4.8 million due in part to a reclassification of deferred revenue from Component Unit. Capital grants also reflected an increase in 2015 of \$32,826.

Expenses related to governmental activities increased from the prior year by \$1.0 million. Public safety was one area that showed a decrease (\$3.2 million) General Government Support showed an increase of \$764,211. All of the other expense functions reflected cost increases aggregating to almost \$1.5 million. This drop in total governmental activities expense was in part due to the policies and changes implemented by a new administration.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending deficit of \$18.9 million, which reflects an increase in fund deficits of \$6.7 million in comparison with the prior year. The increase in fund deficits is the result of an \$8.2 million increase in the Capital Projects fund deficit, and a decrease in other governmental fund deficits by \$1.45 million.

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, the total fund balance of the General Fund reflected a deficit of \$937,214, a decrease to the deficit of \$994,103 from the prior year. Overall, General Fund expenditures and other financing uses were \$44.3 million, which was \$130,000 less than the final budget. Actual expenditure comparisons show that public safety (\$32,000), economic opportunity (\$2,900), culture and recreation (\$26,300) and home and community services (\$14,400) under spent their final budgets while general government support (\$22,600), transportation (\$18,000) and employee benefits (\$11,000) underspent their budgets. General Fund revenues and other financing sources were \$45.3million, which was \$0.9 million greater than the final budget. The revenue categories that reflected a positive variance as compared to the budget were led by miscellaneous which, due to a legal settlement, beat budget by \$804,000, fines and forfeitures (\$146,000), State aid (\$151,000), non-property taxes (\$75,000), departmental income (\$178,000), intergovernmental charges (\$500,000), interest (\$22,000), licenses and permits (\$29,000), fines and forfeitures (\$146,000) and state aid (\$151,000). The revenue categories that reflected negative variances as compared to the budget were real property taxes (\$486,000), other tax items (\$32,000), and sale of property and compensation for loss (\$392,700).

The fund balance of the Water Fund reflected a deficit of \$338,000; this is a decrease of the deficit of \$329,000 from the prior year. Overall, Water Fund expenditures and other financing uses were \$90,243 less than the final budget. Water Fund revenues aggregated \$3.5 million or \$239,255 greater than the final budget.

The Capital Projects Fund reflected a deficit of \$17.2 million at December 31, 2015. This arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance capital projects are not recognized as an "other financing source". Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. The deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

Proprietary Fund

The Internal Service Fund is used to account for the City's self-insured workers' compensation and general liability claims program. At December 31, 2015, the fund reflected a deficit of \$1.9 million, an increase of \$349,000 when compared to the prior year. Since this is an internal service fund, which is accounted for on the accrual basis of accounting, the deficit includes an estimate of the liability for the claims that have been reported, but not settled, as well as an estimate for claims that have been incurred but have not yet been reported, these claims total \$1.55 million.

General Fund Budgetary Highlights

The final budget for revenues was greater than the original budget by \$920,022. This was the result of several factors; an increase in the budget of \$1,744,000 to reflect the issuance of notes to fund separation payments for retiring employees and to fund tax certiorari settlements. Amendments were also made to reflect additional funding for the Police Department (\$600,000), self-insurance expenses (\$430,000). The appropriation budget was adjusted accordingly.

As noted above, actual revenues and other financing sources exceeded budgetary expectations by approximately \$920,000. Expenditures and other financing uses were less than the final budget by approximately \$130,054.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental activities as of December 31, 2015 amounted to \$97.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, infrastructure and construction-in-progress.

Major capital assets events during the current fiscal year included the following:

- Various street improvements.
- Acquisition of land for new water well.

**Capital Assets, Net of Accumulated Depreciation
(In thousands)**

	<u>2015</u>	<u>2014</u>
Capital Assets not being depreciated		
Land	\$ 4,150	\$ 4,150
Construction-in-progress	8,268	2,124
Capital Assets being depreciated		
Buildings and Improvements	15,763	16,417
Machinery and equipment	1,225	646
Infrastructure	<u>67,662</u>	<u>69,119</u>
	<u>\$ 97,068</u>	<u>\$ 92,456</u>

Additional information on the City's capital assets can be found in Note 3C in the notes to financial statements.

Bonds and Notes Outstanding

At the end of the current fiscal year, the City had total bond and bond anticipation note debt outstanding of \$59,825,664. The year-end balance is a reduction of \$1,627,336 from the beginning balance of \$61,453,000. All of this debt is backed by the full faith and credit of the City.

Moody's Investors Service ("Moody's") has assigned their municipal bond rating of "Baa3 with a stable outlook."

The State Constitution limits the amount of indebtedness, both long-term and short-term, which the City may incur. The State Constitution provides that the City may not contract indebtedness in an amount greater than seven percent of the average full value of taxable real property in the City for the most recent five years. Certain indebtedness is excluded in ascertaining the City's authority to contract indebtedness within the constitutional limits; accordingly, debt of this kind, commonly referred to as "excluded debt", may be issued without regard to the constitutional limit and without affecting the City's authority to issue debt subject to the limit. At December 31, 2015, the City had used \$56.9 million or 22.29% of the constitutional debt limit leaving \$216.9 million remaining to be used.

Additional information on the City's long term debt can be found in Note 3 in the notes to financial statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Controller, City of Glen Cove, City Hall, 9 Glen Street, Glen Cove, New York 11542.

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City of Glen Cove, New York

Statement of Net Position
December 31, 2015

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and equivalents	\$ 7,874,753	\$ 588,219
Restricted cash and equivalents	-	1,720
Receivables		
Taxes	23,941,634	-
Accounts, net	593,391	31,301
Water rents	1,067,504	-
State and Federal aid	936,648	-
Due from other governments	3,242,533	95,121
Due from component units	10,007,139	-
Due from primary government	-	136,797
Prepaid expenses	29,412	-
Capital assets		
Not being depreciated	12,418,757	16,968,850
Being depreciated, net	84,649,749	14,620
Total Assets	144,761,520	17,836,628
DEFERRED OUTFLOWS OF RESOURCES	2,711,887	95,784
LIABILITIES		
Accounts payable	2,986,423	22,602
Accrued liabilities	634,598	252,845
Bond anticipation notes payable	18,522,940	-
Due to other governments	328,273	371,402
Due to retirement systems	2,191,826	-
Overpayments	158,630	-
Due to primary government	-	10,143,936
Unearned revenues	37,007	-
Accrued interest payable	669,418	-
Net pension obligation	201,197	-
Non-current liabilities		
Due within one year	13,088,955	6,363,111
Due in more than one year	78,290,257	1,410,155
Total Liabilities	117,109,524	18,564,051
DEFERRED INFLOWS OF RESOURCES	29,822,482	1,852,113
NET POSITION		
Net investment in capital assets	55,461,696	1,314,620
Restricted for		
Special purposes	13,005	-
Debt service	1,832,008	-
Community Development Block Grant Program	-	862,666
Section 8 Housing Assistance Program	-	159,021
Unrestricted	(56,765,308)	(4,820,059)
Total Net Position	\$ 541,401	\$ (2,483,752)

The notes to the financial statements are an integral part of this statement.

City of Glen Cove, New York

Statement of Activities
Year End December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 9,024,017	\$ 1,381,195	\$ 1,090,115	\$ -
Public safety	18,448,233	722,494	157,563	-
Health	1,086,769	954,976	-	-
Transportation	4,831,629	2,468	107,250	1,567,249
Economic opportunity and development	525,417	112,457	345,695	-
Culture and recreation	6,580,666	1,525,557	4,243,972	10,302
Home and community services	7,051,370	3,490,631	54,379	109,125
Interest	2,022,312	-	-	154,696
Total Governmental Activities - Primary Government	<u>\$ 49,570,413</u>	<u>\$ 8,189,778</u>	<u>\$ 5,998,974</u>	<u>\$ 1,841,372</u>
Component units	<u>\$ 6,963,379</u>	<u>\$ 1,178,004</u>	<u>\$ 4,681,334</u>	<u>\$ -</u>
General Revenues				
Real property taxes				
Other tax items				
Interest and penalties on real property taxes				
Payments in lieu of taxes				
Non-property taxes				
Non-property tax distribution from County				
Utilities gross receipts taxes				
Excise taxes				
Cable television franchise fees				
Unrestricted use of money and property				
Sale of property and compensation for loss				
Unrestricted State aid				
Miscellaneous				
Total General Revenues				
Change in Net Position				
NET POSITION				
Beginning, As Reported				
Prior Period Adjustment				
Cumulative Effect of Change in Accounting Principle				
Beginning, As Restated				
Ending				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	
Governmental Activities	Component Units
\$ (6,552,707)	\$ -
(17,568,176)	-
(131,793)	-
(3,154,662)	-
(67,265)	-
(800,835)	-
(3,397,235)	-
(1,867,616)	-
(33,540,289)	-
-	(1,104,041)
29,886,507	-
149,340	-
829,865	-
1,327,172	-
428,485	-
3,693	-
495,177	-
1,887	184
17,650	-
3,462,874	-
770,417	-
37,373,067	184
3,832,778	(1,103,857)
(3,614,647)	1,344,669
-	(2,750,720)
323,270	26,156
(3,291,377)	(1,379,895)
\$ 541,401	\$ (2,483,752)

City of Glen Cove, New York

Balance Sheet
Governmental Funds
December 31, 2015

	General	Water	Debt Service
ASSETS			
Cash and equivalents	\$ 5,447,538	\$ 115,365	\$ 548,097
Taxes receivable	23,941,634	-	-
Other receivables			
Accounts	593,391	-	-
Water rents	-	1,067,504	-
State and Federal aid	24,600	-	-
Due from other governments	839,599	-	2,313,402
Due from component units	10,007,139	-	-
Due from other funds	3,824,813	327,865	178,199
	15,289,542	1,395,369	2,491,601
Prepaid expenditures	29,412	-	-
Total Assets	<u>\$ 44,708,126</u>	<u>\$ 1,510,734</u>	<u>\$ 3,039,698</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND DEFICITS			
Liabilities			
Accounts payable	\$ 601,603	\$ 118,722	\$ -
Accrued liabilities	595,430	17,153	-
Bond anticipation notes payable	-	-	-
Due to other governments	328,273	-	-
Due to retirement systems	1,993,352	57,888	-
Overpayments	158,630	-	-
Due to other funds	1,737,865	1,654,615	1,207,690
Unearned revenues	9,691,202	-	1,839,292
Total Liabilities	15,106,355	1,848,378	3,046,982
Deferred inflows of resources			
Deferred tax revenues	890,687	-	-
Deferred property taxes for subsequent years	29,648,298	-	-
Total Deferred Inflows of Resources	30,538,985	-	-
Total Liabilities and Deferred Inflows of Resources	45,645,340	1,848,378	3,046,982
Fund balances (deficits)			
Nonspendable	3,252,231	-	-
Restricted	-	-	-
Unassigned	(4,189,445)	(337,644)	(7,284)
Total Fund Deficits	(937,214)	(337,644)	(7,284)
Total Liabilities and Fund Deficits	<u>\$ 44,708,126</u>	<u>\$ 1,510,734</u>	<u>\$ 3,039,698</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects	Non-Major Governmental	Total Governmental Funds
\$ 1,667,640	\$ 31,113	\$ 7,809,753
-	-	23,941,634
-	-	593,391
-	-	1,067,504
912,048	-	936,648
89,532	-	3,242,533
-	-	10,007,139
810,000	600,000	5,740,877
1,811,580	600,000	21,588,092
-	-	29,412
\$ 3,479,220	\$ 631,113	\$ 53,368,891
\$ 2,082,766	\$ 60,592	\$ 2,863,683
-	22,015	634,598
18,522,940	-	18,522,940
-	-	328,273
-	140,586	2,191,826
-	-	158,630
4,287	822,954	5,427,411
25,750	11,257	11,567,501
20,635,743	1,057,404	41,694,862
-	-	890,687
-	-	29,648,298
-	-	30,538,985
20,635,743	1,057,404	72,233,847
-	-	3,252,231
-	13,005	13,005
(17,156,523)	(439,296)	(22,130,192)
(17,156,523)	(426,291)	(18,864,956)
\$ 3,479,220	\$ 631,113	\$ 53,368,891

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City of Glen Cove, New York

Reconciliation of Governmental Funds Balance Sheet to the Government - Wide Statement of Net Assets Year Ended December 31, 2015

Fund Deficits - Total Governmental Funds	\$ (18,864,956)
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Amounts Reported for Governmental Activities in the Statement of Net
Position are Different Because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>97,068,506</u>
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Internal service funds are used by management to charge the costs of workers' compensation and general liability claims activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.	<u>(1,926,759)</u>
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Governmental funds report the effect of net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities	
Deferred amounts on net pension assets (liabilities)	<u>2,537,703</u>

Other long-term assets that not available to pay for current period expenditures are deferred in the funds.	
Real property taxes	890,687
Deferred revenues - sewer debt	1,839,292
Deferred revenues - component units	<u>9,691,202</u>
	<u>12,421,181</u>

Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(669,418)
Net pension obligation	(201,197)
Bonds payable	(36,770,000)
Bond anticipation notes payable	(4,532,724)
Installment purchase debt	(447,059)
Retirement incentives and other pension obligations	(2,564,910)
Compensated absences payable	(13,045,053)
Pension liability	(1,714,833)
Claims payable	(824,786)
Other post employment benefit obligations payable	<u>(29,924,294)</u>
	<u>(90,694,274)</u>

Net Position of Governmental Activities	<u>\$ 541,401</u>
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The notes to the financial statements are an integral part of this statement.

City of Glen Cove, New York

Statement of Revenues, Expenditures and Changes

In Fund Balances

Governmental Funds

Year Ended December 31, 2015

	General	Water	Debt Service
REVENUES			
Real property taxes	\$ 29,677,428	\$ -	\$ -
Other tax items	979,205	-	-
Non-property taxes	2,254,527	-	-
Departmental income	1,783,944	3,398,404	-
Intergovernmental charges	583,500	-	474,109
Use of money and property	458,801	-	68,782
Licenses and permits	505,826	-	-
Fines and forfeitures	556,125	-	-
Sale of property and compensation for loss	17,650	-	-
State aid	3,952,840	-	-
Federal aid	359,485	-	-
Miscellaneous	876,862	59,879	-
Total Revenues	<u>42,006,193</u>	<u>3,458,283</u>	<u>542,891</u>
EXPENDITURES			
Current			
General government support	6,166,089	-	-
Public safety	15,960,213	-	-
Health	684,235	-	-
Transportation	2,118,153	-	-
Economic opportunity and development	419,019	-	-
Culture and recreation	1,637,509	-	-
Home and community services	3,026,216	1,894,696	-
Employee benefits	4,685,007	-	-
Debt service			
Principal	-	-	6,754,648
Interest	-	-	1,870,359
Capital outlay	-	-	-
Total Expenditures	<u>34,696,441</u>	<u>1,894,696</u>	<u>8,625,007</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>7,309,752</u>	<u>1,563,587</u>	<u>(8,082,116)</u>
OTHER FINANCING SOURCES (USES)			
Bond anticipation notes issued	1,744,000	-	-
Settlement income	959,681	-	-
Transfers in	608,555	-	8,849,267
Transfers out	(9,627,885)	(1,234,306)	(766,526)
Total Other Financing Sources (Uses)	<u>(6,315,649)</u>	<u>(1,234,306)</u>	<u>8,082,741</u>
Net Change in Fund Balances	994,103	329,281	625
FUND DEFICITS			
Beginning of Year	<u>(1,931,317)</u>	<u>(666,925)</u>	<u>(7,909)</u>
End of Year	<u>\$ (937,214)</u>	<u>\$ (337,644)</u>	<u>\$ (7,284)</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects	Non-Major Governmental	Total Governmental Funds
\$ -	\$ -	\$ 29,677,428
-	-	979,205
-	-	2,254,527
-	1,312,805	6,495,153
-	-	1,057,609
1,337	101,625	630,545
-	-	505,826
-	-	556,125
-	-	17,650
607,579	-	4,560,419
722,022	-	1,081,507
355,738	8,718	1,301,197
<u>1,686,676</u>	<u>1,423,148</u>	<u>49,117,191</u>
-	-	6,166,089
-	-	15,960,213
-	-	684,235
-	-	2,118,153
-	-	419,019
-	2,938,027	4,575,536
-	-	4,920,912
-	-	4,685,007
-	-	6,754,648
-	-	1,870,359
10,416,129	-	10,416,129
<u>10,416,129</u>	<u>2,938,027</u>	<u>58,570,300</u>
<u>(8,729,453)</u>	<u>(1,514,879)</u>	<u>(9,453,109)</u>
-	-	1,744,000
-	-	959,681
766,526	1,708,902	11,933,250
(238,533)	(66,000)	(11,933,250)
<u>527,993</u>	<u>1,642,902</u>	<u>2,703,681</u>
(8,201,460)	128,023	(6,749,428)
<u>(8,955,063)</u>	<u>(554,314)</u>	<u>(12,115,528)</u>
<u>\$ (17,156,523)</u>	<u>\$ (426,291)</u>	<u>\$ (18,864,956)</u>

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City of Glen Cove, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2015

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds	\$ (6,749,428)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay expenditures	10,195,791
Depreciation expense	(5,584,023)
	<u>4,611,768</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	209,079
Deferred revenues - sewer debt service	(388,195)
Deferred revenues - component units	3,505,435
	<u>3,326,319</u>
Bond, note and other proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized on the statement of activities.	
Bond anticipation notes issued	(1,744,000)
Principal paid on bonds	6,518,562
Principal paid on bond anticipation notes	81,276
Principal paid on installment purchase debt	154,810
	<u>5,010,648</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	(151,953)
Net pension obligation	(25,313)
Retirement incentives and other pension obligations	386,635
Compensated absences	133,568
Pension assets (liabilities)	499,600
Claims payable	(240,574)
Other post employment benefit obligations	(3,317,375)
	<u>(2,715,412)</u>
Internal service funds are used by management to charge the cost of risk activities to individual funds. The net revenue of internal service funds is reported within governmental activities.	<u>348,883</u>
Change in Net Position of Governmental Activities	<u>\$ 3,832,778</u>

The notes to the financial statements are an integral part of this statement.

City of Glen Cove, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General and Water Funds
Year Ended December 31, 2015

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 30,163,505	\$ 30,163,505	\$ 29,677,428	\$ (486,077)
Other tax items	1,012,000	1,012,000	979,205	(32,795)
Non-property taxes	2,179,000	2,179,000	2,254,527	75,527
Departmental income	1,605,800	1,605,800	1,783,944	178,144
Intergovernmental charges	83,500	83,500	583,500	500,000
Use of money and property	437,200	437,200	458,801	21,601
Licenses and permits	476,900	476,900	505,826	28,926
Fines and forfeitures	410,000	410,000	556,125	146,125
Sale of property and compensation for loss	410,360	410,360	17,650	(392,710)
State aid	3,784,567	3,801,567	3,952,840	151,273
Federal aid	443,970	443,970	359,485	(84,485)
Miscellaneous	38,950	72,050	876,862	804,812
Total Revenues	41,045,752	41,095,852	42,006,193	910,341
EXPENDITURES				
Current				
General government support	5,050,950	6,188,649	6,166,089	22,560
Public safety	15,349,839	15,992,039	15,960,213	31,826
Health	684,342	687,342	684,235	3,107
Transportation	2,275,974	2,136,074	2,118,153	17,921
Economic opportunity and development	432,918	421,918	419,019	2,899
Culture and recreation	1,653,754	1,663,855	1,637,509	26,346
Home and community services	2,798,618	3,040,618	3,026,216	14,402
Employee benefits	4,786,000	4,696,000	4,685,007	10,993
Debt service				
Interest	-	-	-	-
Total Expenditures	33,032,395	34,826,495	34,696,441	130,054
Excess of Revenues Over Expenditures	8,013,357	6,269,357	7,309,752	1,040,395
OTHER FINANCING SOURCES (USES)				
Bond anticipation notes issued	-	1,744,000	1,744,000	-
Settlement income	950,000	950,000	959,681	9,681
Transfers in	608,555	608,555	608,555	-
Transfers out	(9,627,885)	(9,627,885)	(9,627,885)	-
Total Other Financing Uses	(8,069,330)	(6,325,330)	(6,315,649)	9,681
Net Change in Fund Balances	(55,973)	(55,973)	994,103	1,050,076
FUND BALANCES (DEFICITS)				
Beginning of Year	55,973	55,973	(1,931,317)	(1,987,290)
End of Year	\$ -	\$ -	\$ (937,214)	\$ (937,214)

The notes to the financial statements are an integral part of this statement.

Water Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
3,150,028	3,150,028	3,398,404	248,376
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
69,000	69,000	59,879	(9,121)
3,219,028	3,219,028	3,458,283	239,255
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,984,939	1,984,939	1,894,696	90,243
-	-	-	-
-	-	-	-
1,984,939	1,984,939	1,894,696	90,243
1,234,089	1,234,089	1,563,587	329,498
-	-	-	-
-	-	-	-
(1,234,306)	(1,234,306)	(1,234,306)	-
(1,234,306)	(1,234,306)	(1,234,306)	-
(217)	(217)	329,281	329,498
217	217	(666,925)	(667,142)
\$ -	\$ -	\$ (337,644)	\$ (337,644)

City of Glen Cove, New York

Internal Service Fund - Workers' Compensation and
General Liability Claims Fund
Statement of Net Position
December 31, 2015

ASSETS

Cash and equivalents	\$ 65,000
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LIABILITIES

Current liabilities

Accounts payable	122,740
------------------	---------

Due to other funds	313,466
--------------------	---------

Current portion of claims payable	155,555
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Total Current Liabilities	591,761
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Claims payable, less current portion	1,399,998
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Total Liabilities	1,991,759
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NET POSITION

Unrestricted	\$ (1,926,759)
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The notes to the financial statements are an integral part of this statement.

City of Glen Cove, New York

Internal Service Fund - Workers' Compensation and
General Liability Claims Fund
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended December 31, 2015

OPERATING REVENUES

Charges for services	\$ 1,229,000
Insurance recoveries	<u>36,698</u>
Total Operating Revenues	<u>1,265,698</u>

OPERATING EXPENSES

Employee benefits	190,559
Judgments and claims	<u>726,256</u>
Total Operating Expenses	<u>916,815</u>
Income from Operations	348,883

DEFICIT

Beginning of Year	<u>(2,275,642)</u>
End of Year	<u>\$ (1,926,759)</u>

The notes to the financial statements are an integral part of this statement.

City of Glen Cove, New York

Internal Service Fund - Workers' Compensation and
General Liability Claims Fund
Statement of Cash Flows
Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from charges for services	\$ 1,229,000
Cash received from insurance recoveries	36,698
Cash payments to insurance carriers and claimants	<u>(1,365,698)</u>
Net Cash from Operating Activities	(100,000)

CASH AND EQUIVALENTS

Beginning of Year	<u>165,000</u>
End of Year	<u><u>\$ 65,000</u></u>

**RECONCILIATION OF INCOME FROM OPERATIONS
TO NET CASH FROM OPERATING ACTIVITIES**

Income from operations	\$ 348,883
Adjustments to reconcile income from operations to net cash from operating activities	
Changes in assets and liabilities	
Accounts payable	71,595
Due to other funds	9,515
Claims payable	<u>(529,993)</u>
Net Cash from Operating Activities	<u><u>\$ (100,000)</u></u>

The notes to the financial statements are an integral part of this statement.

City of Glen Cove, New YorkStatement of Net Position
Fiduciary Funds
December 31, 2015

	Agency	Combined Pension Trust Funds
ASSETS		
Cash and equivalents	\$ 459,556	\$ 42,203
Investments, at fair value		
Annuities	-	1,767,684
Fixed income		
Taxable	-	26,792
Common stock	-	162,561
Mutual funds	-	139,597
	-	2,096,634
Total Assets	459,556	2,138,837
LIABILITIES		
Deposits	459,556	-
NET POSITION		
Restricted for pension benefits (A schedule of funding progress for the Fire Service Awards Program is presented in the required supplementary information)	\$ -	\$ 2,138,837

The notes to the financial statements are an integral part of this statement.

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City of Glen Cove, New York**Statement of Changes in Fiduciary Net Position
Pension Trust Funds - Service Awards Programs
Year Ended December 31, 2015**

	Combined Pension Trust Funds
ADDITIONS	
Earnings on investments	\$ 73,082
Pension contributions	130,000
Net change in fair value of investments	<u>(3,642)</u>
 Total Additions	 <u>199,440</u>
 DEDUCTIONS	
Pension benefits	47,841
Administrative costs	<u>2,197</u>
 Total Deductions	 <u>50,038</u>
 Change in Net Position	 149,402
 NET POSITION	
Beginning of Year	<u>1,989,435</u>
 End of Year	 <u><u>\$ 2,138,837</u></u>

The notes to the financial statements are an integral part of this statement.

City of Glen Cove, New York

Statement of Net Position
Component Units
December 31, 2015

	Glen Cove Community Development Agency	
	Community Development	Section 8 Housing Assistance Program
ASSETS		
Cash and equivalents	\$ 66,047	\$ 106,181
Restricted cash and equivalents	-	-
Receivables		
Accounts, net of allowance for uncollectible amounts	-	31,301
Internal balances	9,122,221	393,700
Due from other governments	95,121	-
Due from primary government	136,797	-
Capital assets		
Not being depreciated	1,937,200	-
Being depreciated, net	721	11,220
Total Assets	11,358,107	542,402
DEFERRED OUTFLOWS OF RESOURCES	41,187	27,778
LIABILITIES		
Accounts payable	17,168	5,434
Accrued liabilities	-	-
Due to other governments	-	-
Due to primary government	2,151,931	-
Non-current liabilities		
Due within one year	6,363,111	-
Due in more than one year	703,697	394,505
Total Liabilities	9,235,907	399,939
DEFERRED INFLOWS OF RESOURCES		
Developer advances	-	-
NET POSITION		
Net investment in capital assets	1,300,721	11,220
Restricted	862,666	159,021
Unrestricted	-	-
Total Net Position	\$ 2,163,387	\$ 170,241

The notes to the financial statements are an integral part of this statement.

<hr/>	
Glen Cove Industrial Development Agency	Total
\$ 415,991	\$ 588,219
1,720	1,720
-	31,301
(9,515,921)	-
-	95,121
-	136,797
15,031,650	16,968,850
2,679	14,620
5,936,119	17,836,628
26,819	95,784
-	22,602
252,845	252,845
371,402	371,402
7,992,005	10,143,936
-	6,363,111
311,953	1,410,155
8,928,205	18,564,051
1,852,113	1,852,113
2,679	1,314,620
-	1,021,687
(4,820,059)	(4,820,059)
\$ (4,817,380)	\$ (2,483,752)

City of Glen Cove, New York

Statement of Activities

Component Units

Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Glen Cove Community Development Agency			
Community Development	\$ 260,530	\$ -	\$ 403,702
Section 8 Housing Assistance Program	4,407,190	-	4,262,043
Glen Cove Industrial Development Agency	2,295,659	1,178,004	15,589
Total	<u>\$ 6,963,379</u>	<u>\$ 1,178,004</u>	<u>\$ 4,681,334</u>

General revenues

Unrestricted use of money and property

Change in Net Position

NET POSITION

Beginning, As Reported

Prior Period Adjustment

Cumulative Effect of Change in Accounting Principle

Beginning, As Restated

Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
Glen Cove Community Development Agency	Glen Cove Industrial Development Agency	Total
\$ 143,172	\$ -	\$ 143,172
(145,147)	-	(145,147)
-	(1,102,066)	(1,102,066)
(1,975)	(1,102,066)	(1,104,041)
119	65	184
(1,856)	(1,102,001)	(1,103,857)
2,316,652	(971,983)	1,344,669
-	(2,750,720)	(2,750,720)
18,832	7,324	26,156
2,335,484	(3,715,379)	(1,379,895)
<u>\$ 2,333,628</u>	<u>\$ (4,817,380)</u>	<u>\$ (2,483,752)</u>

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Note 1 - Summary of Significant Accounting Policies

The City of Glen Cove, New York ("City") was incorporated in 1918 and operates in accordance with its Charter and the various other applicable laws of the State of New York. The City functions under a Mayor/City Council form of government. The City Council is the legislative body responsible for overall operations. The Mayor serves as the chief executive officer and the Controller serves as the chief financial officer. The City provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government which is the City, b) organizations for which the City is financially accountable and c) other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the City's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, the following component units are included in the City's reporting entity because of their operational or financial relationship with the City.

The Glen Cove Community Development Agency ("CDA") is a public benefit corporation created by State legislation to promote the safety, health and welfare of the City's inhabitants and to promote the sound growth and development of the City. The Mayor serves as chairman and the members of the Board are appointed by the Mayor. CDA members have complete responsibility for management of the CDA and accountability for fiscal matters. The City is liable for CDA bonds and notes. The governing board of the CDA serves at the pleasure of the Mayor and, therefore, the primary government is able to impose its will on the CDA. Since the CDA does not provide services entirely or almost entirely to the City, the financial statements of the CDA have been reflected as a discretely presented component unit.

The Glen Cove Industrial Development Agency ("IDA") is a public benefit corporation created by State legislation to promote the economic welfare, recreation opportunities and prosperity of the City's inhabitants. Members of the IDA are appointed by the Mayor. IDA members have complete responsibility for management of the IDA and accountability for fiscal matters. The City is not liable for IDA bonds or notes. The governing board of the IDA serves at the pleasure of the City and, therefore, the primary government is able to impose its will on the IDA. Since the IDA does not provide services entirely or almost entirely to the City, the financial statements of the IDA have been reflected as a discretely presented component unit.

Note 1 - Summary of Significant Accounting Policies (Continued)

Complete financial information for these component units can be obtained from:

Controller
City of Glen Cove
City Hall
9 Glen Street
Glen Cove, New York 11542

The following organization is related to the City:

The Glen Cove Housing Authority ("Authority") is a public benefit corporation created by State legislation to promote the development of adequate housing for citizens of the City. The members of the Authority's board are appointed by the City. The Authority does not impose a financial burden to the primary government since the City is not obligated to guarantee the Authority's debt. The Authority does not provide services entirely or almost entirely to the City.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the City at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The City does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Internal Service Fund are charges to other funds. Operating expenses for the Internal Service Fund include judgments and claims and employee benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The City maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Proprietary and Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The City's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the City's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the City and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specific purposes other than debt service or capital projects. The major special revenue fund of the City is as follows:

Water Fund - The Water Fund is used to record the water utility operations of the City which render services primarily on a user charge basis to the general public. The major revenue of this fund is departmental income.

Debt Service Fund - The Debt Service Fund is used to account for and report the financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Note 1 - Summary of Significant Accounting Policies (Continued)

The City also reports the following non-major governmental funds.

Special Revenue Funds:

Golf and Recreation Fund - The Golf and Recreation Fund is used to account for revenues and expenditures associated with the operation of the golf course and other recreational activities provided by the City.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the City in accordance with the terms of a trust agreement.

- b. Proprietary Funds - Proprietary funds consist of an Internal Service Fund. Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The City has established its Workers' Compensation and General Liability Claims Fund as an internal service fund.
- c. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the City in an agency capacity on behalf of others. These include Agency and Pension Trust funds. The Agency fund is primarily utilized to account for deposits and employee payroll tax withholdings that are payable to other jurisdictions or individuals. The Pension Trust Funds are provided to account for the City's Fire Service and Ambulance Service Awards Programs.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as do the Pension Trust and Internal Service funds. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to

Note 1 - Summary of Significant Accounting Policies (Continued)

accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to retirement incentives and other pension obligations, compensated absences, certain claims, net pension liability and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Component Units

The component units are presented on the basis of accounting that most accurately reflect their activities. The CDA is accounted for on the modified accrual basis and is converted to the accrual basis for the government-wide financial statements. The IDA is accounted for on the flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. With this measurement focus, all assets and liabilities (whether current or non-current) associated with the operation of these activities are included on the statement of net position. Operating statements present increases (revenues) and decreases (expenses) in net total assets.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The City's deposits and investment policies are governed by State statutes. The City has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The City is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the City's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The City has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Note 1 - Summary of Significant Accounting Policies (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the City's name. The City's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2015.

Investments - Investments of the Pension Trust Fund are stated at fair value. The amounts are invested in various portfolios by the trustee of the Fund, who has been designated by the State Comptroller. These investments are unrated. The City has no formal policy relating to interest rate or credit risk for Pension Trust Fund investments.

The City was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate or credit risk.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The City collects City, County and School District taxes. The City collects City taxes in two installments, beginning December 1st of the prior year with the first half payable without penalty until January 10th and the second half payable without penalty until July 10th. County taxes are due January 1st with the first half payable without penalty until February 10th and the second half payable without penalty until August 10th. School district taxes for the period July 1st to June 30th are levied on August 1st with the first half payable without penalty until September 1st and the second half payable without penalty until March 1st.

The City collects County taxes and remits the amounts as collected to the County on a monthly basis. On or about September 1st, the City returns the uncollected items to the County, which assumes collection responsibility. The City functions in both a fiduciary and guarantor relationship with the School District with respect to the collection and payment of real property taxes. The City is required to satisfy the warrant of the School District by June. Thus, the City's fiduciary responsibility for School District taxes is from the date of the levy until the due date of the tax warrant at which time the City must satisfy its obligation to the School District regardless of the amounts collected. The collection of School District taxes is deemed a financing transaction until the warrants are satisfied.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the City. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventory - There are no inventory values presented in the balance sheets of the respective funds of the City. Purchases of inventoriable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Note 1 - Summary of Significant Accounting Policies (Continued)

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of employee retirement, health insurance and other costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and used an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the City are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	25
Machinery and equipment	3-20
Infrastructure	10-75

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In government-wide financial statements, unearned revenues consist of revenues received in advance and/or grants received before the eligibility requirements have been met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City has reported unearned revenues of \$9,691,202 for certain reimbursements due from the CDA and IDA (component units) in the General Fund, \$25,750 for revenues received in advance in the Capital Projects Fund, \$11,257 for unused gift certificates in the Golf and Recreation Fund, and \$1,839,292 for reimbursements due from Nassau County in the Debt Service Fund for debt service pursuant to an agreement between the County and the City. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position and the fund level balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and the fund level balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The City has reported deferred inflows of resources of \$890,687 for real property taxes in the General Fund. The City also reported deferred inflows of resources of \$29,648,298 for taxes collected in advance in the General Fund and in the government-wide Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City also reported deferred outflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the City's pension plans in Note 3G.

The IDA has report deferred inflows of resources of \$1,852,113 for developer advances as this amount will be credited against the sales price when the sale of the waterfront properties closes.

The IDA also reported deferred outflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the City's pension plans in Note 3G.

The CDA reported deferred outflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the City's pension plans in Note 3G.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects or Debt Service funds expenditures.

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability - The net pension liability represents the City's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date."*

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets and restricted for special purposes, debt service, Section 8 Housing Assistance Program and Community Development Block Grant Program. The balance is classified as unrestricted.

Fund Balances - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The City Council is the highest level of decision making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the City removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the City Council.

Note 1 - Summary of Significant Accounting Policies (Continued)

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the City Council for amounts assigned for balancing the subsequent year's budget or the City Controller for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Water and Golf and Recreation funds. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is August 9, 2016.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The City generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before October 1st, the Mayor submits to the City Council a tentative operating budget for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the means of financing.
- b) The City Council, on or before October 10th, meets to discuss and review the tentative budget.
- c) The City Council conducts a public hearing on the tentative budget to obtain taxpayer comments on or before October 15th.
- d) After the public hearing and by the 4th Tuesday of October the City Council meets to consider and adopt the budget.
- e) Formal budgetary integration is employed during the year as a management control device for the General, Water, Debt Service and Golf and Recreation funds.
- f) The budgets for the General, Water, Debt Service and Golf and Recreation funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted by the City Council for the Special Purpose fund and Internal Service fund.
- g) The City Council has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the City Council. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the City Council.
- h) Appropriations in General, Water, Debt Service and Golf and Recreation funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the City Council.

B. Property Tax Limitation

The amount that may be raised by the City for real property taxes in any fiscal year, for purposes other than for debt service on City indebtedness, is limited by the Constitution of the State of New York to two percent of the five year average full valuation of taxable real estate located within the City. The City Charter further limits this amount to one and three quarters percent of the five year average full valuation. For 2015, the maximum amount which could have been raised, based upon the City Charter limit, was \$72,925,429, which exceeded the levy by \$42,761,924.

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This applies to all local governments.

Note 2 - Stewardship, Compliance and Accountability (Continued)

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a City in a particular year. The original legislation that established the Tax levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the City to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The City is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the City, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the City. The City Council may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the City Council first enacts, by a vote of at least sixty percent of the total voting power of the City Council, a local law to override such limit for such coming fiscal year.

C. Cumulative Effect of Change in Accounting Principle

For the year ended December 31, 2015, the City implemented GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date"*. These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. As a result of adopting these standards, the government-wide financial statements reflect a cumulative effect for the change in accounting principle of \$323,270 for governmental activities, \$18,832 for the CDA (component unit) and \$7,324 for the IDA (component unit).

Note 2 - Stewardship, Compliance and Accountability (Continued)**D. Fund Deficits**

The following funds reflect deficits as of December 31, 2015:

<u>Fund</u>	<u>Amount</u>
General	\$ 937,214
Water	337,644
Debt Service	7,284
Non-Major Governmental - Golf and Recreation	439,296
Internal Service	1,926,759
Glen Cove Industrial Development Agency	4,817,380

Capital Projects Fund Deficit

The unassigned deficit in the Capital Projects Fund of \$17,156,523 arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. The deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

E. Excess of Actual Expenditures Over Budget

The following functional categories of expenditures exceeded their budgetary authorization by the amounts indicated below:

General Fund	
Transportation	
Snow removal	\$ 93,813
Home and Community Services	
Zoning Board of Appeals	923
Sanitation	1,017
Debt Service Fund	
Bond anticipation notes	
Principal	10,202

F. Prior Period Adjustment – Component Unit

During 2015, the City determined that payments on bonds made in prior years were inadvertently not billed to and recognized as a payable to the City by the Industrial Development Agency ("IDA"). To correct this omission, net position of the IDA was reduced and amounts due to the City were increased by \$2,750,720.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at December 31, 2015 consisted of the following:

City taxes - Current	\$ 848,075
City taxes - 2016	19,626,479
Tax liens	<u>4,172,158</u>
	24,646,712
Allowance for uncollectible amounts	<u>(705,078)</u>
	<u>\$ 23,941,634</u>

School district taxes included in the tax liens line above are offset by liabilities to the School District. Taxes receivable are also offset in the fund financial statements by deferred tax revenues of \$890,687, which represents taxes receivable which were not collected within the first sixty days of the subsequent year. Taxes receivable for 2016 are offset by deferred property taxes for subsequent years of \$29,648,298, which represents taxes receivable and collected as of December 31, 2015. School taxes receivable, included in the tax liens line above, are also reflected in the fund financial statements as nonspendable for long-term receivable of \$3,222,819 which represents an estimate of the taxes receivable that will not be collected within the subsequent year.

B. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2015 were as follows:

Fund	Due From	Due To
General	\$ 3,824,813	\$ 1,737,865
Water	327,865	1,654,615
Debt Service	178,199	1,207,690
Capital Projects	810,000	4,287
Non-Major Governmental	600,000	822,954
Internal Service	-	313,466
	<u>\$ 5,740,877</u>	<u>\$ 5,740,877</u>

The outstanding balances between funds results mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

At December 31, 2015 the CDA owed the City \$2,151,931 offset by a receivable of \$136,797 for legal expenses the CDA paid on the City's behalf. The IDA owes the City \$7,992,005 for the Waterfront development expenditures financed by the City's Environmental Facilities Corporation loan. The receivable from the IDA includes a prior period increase adjustment of \$2,750,720 made due to the fact that during 2015 the City determined that payments on bonds made in prior years were inadvertently not billed and recognized as payable to the City by the IDA.

City of Glen Cove, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

C. Capital Assets

Changes in the City's capital assets are as follows:

	Balance January 1, 2015	Additions	Balance December 31, 2015
Capital Assets, not being depreciated			
Land	\$ 4,150,221	\$ -	\$ 4,150,221
Construction-in-progress	2,124,940	6,143,596	8,268,536
Total Capital Assets, not being depreciated	<u>\$ 6,275,161</u>	<u>\$ 6,143,596</u>	<u>\$ 12,418,757</u>
Capital Assets, being depreciated			
Buildings and improvements	\$ 82,046,641	\$ 481,865	\$ 82,528,506
Machinery and equipment	15,089,562	1,487,992	16,577,554
Infrastructure	108,229,062	2,082,338	110,311,400
Total Capital Assets, being depreciated	<u>205,365,265</u>	<u>4,052,195</u>	<u>209,417,460</u>
Less Accumulated Depreciation for			
Buildings and improvements	65,630,522	1,134,859	66,765,381
Machinery and equipment	14,443,574	909,076	15,352,650
Infrastructure	39,109,592	3,540,088	42,649,680
Total Accumulated Depreciation	<u>119,183,688</u>	<u>5,584,023</u>	<u>124,767,711</u>
Total Capital Assets, being depreciated, net	<u>\$ 86,181,577</u>	<u>\$ (1,531,828)</u>	<u>\$ 84,649,749</u>
Capital Assets, net	<u>\$ 92,456,738</u>	<u>\$ 4,611,768</u>	<u>\$ 97,068,506</u>

Depreciation expense was charged to the City's functions and programs as follows:

Governmental Activities:	
General Government Support	\$ 484,644
Public Safety	1,662,953
Health	44,806
Transportation	1,755,814
Culture and Recreation	588,061
Home and Community Services	<u>1,047,745</u>
Total Depreciation Expense	<u>\$ 5,584,023</u>

Note 3 - Detailed Notes on All Funds (Continued)

Capital Assets - Component Units

Changes in the CDA's capital assets are as follows:

	Balance January 1, 2015	Additions	Balance December 31, 2015
Capital Assets, not being depreciated			
Land	\$ 1,937,200	\$ -	\$ 1,937,200
Capital Assets, being depreciated			
Machinery and equipment	\$ 54,972	\$ 4,780	\$ 59,752
Less Accumulated Depreciation for Machinery and equipment	43,768	4,043	47,811
Total Capital Assets, being depreciated, net	\$ 11,204	\$ 737	\$ 11,941
CDA's Capital Assets, net	\$ 1,948,404	\$ 737	\$ 1,949,141

Changes in the IDA's capital assets are as follows:

	Balance January 1, 2015	Additions	Balance December 31, 2015
Capital Assets, not being depreciated			
Land	\$ 15,031,650	\$ -	\$ 15,031,650
Capital Assets, being depreciated			
Machinery and equipment	\$ 7,492	\$ -	\$ 7,492
Less Accumulated Depreciation for Machinery and equipment	3,839	974	4,813
Total Capital Assets, being depreciated, net	\$ 3,653	\$ (974)	\$ 2,679
IDA's Capital Assets, net	\$ 15,035,303	\$ (974)	\$ 15,034,329

D. Accrued Liabilities

Accrued liabilities at December 31, 2015 were as follows:

	Fund			Total
	General	Water	Non-Major Governmental	Governmental
Payroll and Employee Benefits	\$ 595,430	\$ 17,153	\$ 22,015	\$ 634,598

Note 3 - Detailed Notes on All Funds (Continued)

E. Pension Trusts

Fire Service Awards Program

The City, pursuant to Article 11-A of the General Municipal Law of the State of New York and legislative resolution, has established a Length of Service Awards Program ("Program") for volunteer firefighters. This Program is a single employer defined benefit plan established as a grantor/rabbi trust and, as such, the assets are subject to the claims of the City's general creditors. The Program is accounted for in the City's financial statements within the Pension Trust Fund.

Active volunteer firefighters, upon attainment of age 18, and upon earning 50 or more points in a calendar year after 1992 under the provisions of the Program point system, are eligible to become participants in the Program. Points are granted for the performance of certain activities in accordance with a system established by the City on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the Program. Participants are fully vested upon attainment of entitlement age, upon death or upon general disablement and after earning five years of service credit. A participant, upon attainment of entitlement age (the later of age 65 or the participant's age after earning 50 program points), shall be able to receive their service award, payable in the form of a ten-year certain and continuous monthly payment life annuity. The monthly benefits are \$20 for each year of service credit, up to a maximum of 35 years. The benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan. The Program also provides disability and death benefits. The trustees of the Program, which are the members of the City Council, are authorized to invest the funds in authorized investment vehicles. Administrative costs are paid by the City from the General Fund. Separate financial statements are not issued by the Program.

Current membership in the Program is comprised of the following at December 31, 2014:

<u>Group</u>	
Active	91
Retirees and beneficiaries	
currently receiving benefits	4
Terminated members entitled to	
but not yet receiving benefits	43
Active - non-vested	38
Active – vested	53

The City Council has retained and designated BPAS Actuarial Services, LLC ("BPAS") to assist in the administration of the program. Based on the certified calendar year volunteer firefighter listings, BPAS determines and certifies in writing the amount of the service award to be paid to a participant or to a participant's designated beneficiary. As authorized by the City, BPAS then directs the paying agent to pay the service award. No service award benefit payment is made without the written certification from BPAS and written confirmation to the City.

Program assets are required to be held in trust by Article 11-A of the General Municipal Law of the State of New York, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Program. Authority to invest the Program's assets is vested in the Trustee.

Note 3 - Detailed Notes on All Funds (Continued)

Program assets are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the City.

The LOSAP is required to retain an actuary to determine the amount of the City's contributions to the Program. The actuarial firm retained for this purpose is BPAS. Portions of the following information are derived from a report prepared by the actuary dated February 2016.

Actuarial Present Value of Benefits at December 31, 2014 \$ (2,159,076)

Less: Assets Available for Benefits

	<u>% of total</u>	
Cash	1.11 %	<u>\$ 18,185</u>
First Security Benefits Annuity	98.89	<u>1,614,738</u>

Less: Liabilities -

Total Net Assets Available for Benefits 1,632,923

Total Overfunded Benefits \$ (526,153)

Prior service costs are being amortized over ten years at a discount rate of 5.25%.

The City is required to contribute the amounts necessary as actuarially determined using the unit credit cost method. The net pension obligation is not amortized on a separate basis. The assumed investment rate of return is 5.25% and there are no cost of living adjustments.

The City's annual Program cost, the percentage of the annual Program cost contributed to the plan and the net pension obligation for the current and two preceding fiscal years were as follows:

	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage of Annual Program Cost Contributed</u>	<u>Net Pension Obligation</u>
2015	\$ 155,313	\$ 130,000	83.70 %	\$ 201,197
2014	180,647	170,000	94.11	175,884
2013	136,029	90,000	66.16	165,237

The schedule of funding progress for the defined benefit pension plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

The current contributions were charged to the General Fund. Administrative fees were also charged to the General Fund in connection with the administration of the Program.

Note 3 - Detailed Notes on All Funds (Continued)

The following is an audited summary of the financial information for the Fire Service Awards Program for the year ended December 31, 2015:

ASSETS	
Cash and equivalents	\$ 23,205
Investments, at fair value - Annuities	<u>1,767,684</u>
Total Assets	<u>1,790,889</u>
NET ASSETS	
Held in Trust for Pension Benefits	<u>\$ 1,790,889</u>
ADDITIONS	
Earnings on investments	\$ 65,996
Pension contributions	<u>130,000</u>
Total Additions	<u>195,996</u>
DEDUCTIONS	
Pension benefits	38,029
Administrative costs	<u>-</u>
	<u>38,029</u>
Change in Net Assets	157,967
NET POSITION	
Beginning of Year	<u>1,632,922</u>
Net Position - End of Year	<u>\$ 1,790,889</u>

Ambulance Service Awards Program

The City, pursuant to Article 11-A of General Municipal Law and legislative resolution, has established a Service Awards Program ("Program") for volunteer ambulance workers. This Program is a single employer defined contribution plan. Active volunteer ambulance workers, upon attainment of age 18, and upon earning 50 or more points, in a calendar year after 1990, under the provisions of the Program point system, are eligible to become participants in the Program. Participants are fully vested upon attainment of entitlement age, upon death or general disablement and after earning five years of service credit. A participant upon attainment of entitlement age (the later of age 55 or the participant's age after earning 50 program points) shall be able to receive their service award. The maximum annual contribution is \$480 per individual for each year of service. The Program also provides disability and death benefits. Contributions are not required by participants. The Trustees of the Program, which are the members of the City Council, are authorized to invest the funds in authorized investment vehicles.

The City's obligation to continue funding is governed by New York State Law and Program provisions. The City did not make a contribution to the plan during the calendar year. This amount was charged to General Fund expenditures.

City of Glen Cove, New York

Notes to Financial Statements (Continued)

December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

The following is an audited summary of the financial information for the Ambulance Service Awards Program for the year ended December 31, 2015:

ASSETS	
Cash and equivalents	\$ 18,998
Investments, at fair value:	
Fixed income - Taxable	26,792
Common stock	162,561
Mutual funds	139,597
	<u>328,950</u>
Total Assets	<u>347,948</u>
NET ASSETS	
Held in Trust for Pension Benefits	\$ <u>347,948</u>
ADDITIONS	
Earnings on investments	\$ 7,086
Net change in fair value of investments	<u>(3,642)</u>
Total Additions	<u>3,444</u>
DEDUCTIONS	
Pension benefits	9,812
Administrative costs	<u>2,197</u>
	<u>12,009</u>
Change in Net Assets	(8,565)
NET POSITION	
Beginning of Year	<u>356,513</u>
End of Year	\$ <u>347,948</u>

Note 3 - Detailed Notes on All Funds (Continued)

F. Short-Term Capital Borrowings

The schedule below details the changes in short-term capital borrowings:

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance January 1, 2015	New Issues	Redemptions	Balance December 31, 2015
Various Capital Improvement Projects	2011	09/16	2.00 %	\$ 1,711,038	\$ -	\$ 112,381	\$ 1,598,657
Ferry Terminal	2011	01/16	1.25	3,686,002	-	169,176	3,516,826
Various Capital Improvement Projects	2012	09/16	2.00	528,780	-	30,236	498,544
Various Capital Improvement Projects	2013	09/16	2.00	1,627,350	-	131,460	1,495,890
Various Capital Improvement Projects	2013	04/16	1.25	2,964,030	-	323,273	2,640,757
Various Capital Improvement Projects	2014	04/16	1.25	2,673,000	-	-	2,673,000
Various Capital Improvement Projects	2014	09/16	2.00	2,104,766	-	-	2,104,766
Various Capital Improvement Projects	2015	09/16	2.00	-	1,888,500	-	1,888,500
Various Capital Improvement Projects	2015	04/16	1.00	-	1,000,000	-	1,000,000
Various Capital Improvement Projects	2015	04/16	1.50	-	1,106,000	-	1,106,000
				<u>\$ 15,294,966</u>	<u>\$ 3,994,500</u>	<u>\$ 766,526</u>	<u>\$ 18,522,940</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$177,747 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$334,932 was recorded in the government-wide financial statements.

G. Long-Term Liabilities

The changes in the City's long-term indebtedness during the year ended December 31, 2015 are summarized as follows:

	Balance January 1, 2015, As Reported	Cumulative Effect of Change in Accounting Principle	Balance January 1, 2015, As Restated	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2015	Due Within One Year
Governmental Activities							
Bonds Payable							
Capital construction	\$ 27,665,933	\$ -	\$ 27,665,933	\$ -	\$ 3,662,706	\$ 24,003,227	\$ 3,180,023
Deficit reduction	4,815,000	-	4,815,000	-	1,535,000	3,280,000	1,605,000
Other	10,807,629	-	10,807,629	-	1,320,856	9,486,773	1,334,977
	<u>43,288,562</u>	<u>-</u>	<u>43,288,562</u>	<u>-</u>	<u>6,518,562</u>	<u>36,770,000</u>	<u>6,120,000</u>

City of Glen Cove, New York

Notes to Financial Statements (Continued)
December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

	Balance January 1, 2015, As Reported	Cumulative Effect of Change in Accounting Principle	Balance January 1, 2015, As Restated	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2015	Due Within One Year
Other Non-current Liabilities							
Bond anticipation notes payable	\$ 2,870,000	-	2,870,000	\$ 1,744,000	\$ 81,276	\$ 4,532,724	\$ 4,532,724
Installment purchase debt	601,869	-	601,869	-	154,810	447,059	161,522
Retirement incentives and other pension obligations	2,951,545	-	2,951,545	-	386,635	2,564,910	347,471
Compensated absences	13,178,621	-	13,178,621	1,184,432	1,318,000	13,045,053	1,305,000
Net pension liability	-	2,410,512	2,410,512	-	695,679	1,714,833	-
Claims payable	2,669,758	-	2,669,758	1,483,125	1,705,284	2,380,339	622,238
Other post employment benefit obligations payable	26,606,919	-	26,606,919	5,918,366	2,600,991	29,924,294	-
	48,878,712	2,410,512	51,289,224	10,329,923	6,942,675	54,609,212	6,968,955
Governmental Activities							
Long-Term Liabilities	\$ 92,167,274	\$ 2,410,512	\$ 94,577,786	\$ 10,329,923	\$ 13,461,237	\$ 91,379,212	\$ 13,088,955
Component Units							
New York State loan - retirement	\$ 24,649	\$ -	\$ 24,649	\$ 18,170	\$ 6,197	\$ 36,622	\$ 4,111
Compensated absences	57,081	-	57,081	30,194	18,270	69,005	-
Net pension liability	-	55,557	55,557	-	14,023	41,534	-
Other post employment benefit obligations payable	954,732	-	954,732	152,701	82,244	1,025,189	-
Section 108 loan	6,732,327	-	6,732,327	2,673	376,000	6,359,000	6,359,000
Brownfield revolving loan payable	235,616	-	235,616	6,300	-	241,916	-
Component Units							
Long-term Liabilities	\$ 8,004,405	\$ 55,557	\$ 8,059,962	\$ 210,038	\$ 496,734	\$ 7,773,266	\$ 6,363,111

Each governmental funds' liability for bonds, bond anticipation notes, installment purchase debt, retirement incentives and other pension obligations, compensated absences, claims and other post employment benefit obligations is liquidated by the respective fund.

Bonds Payable

Bonds payable at December 31, 2015 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2015
Public Improvements	2004	\$ 9,790,000	March, 2017	3.250-4.000 %	\$ 1,825,000
Public Improvements	2005	4,909,200	July, 2020	4.000	1,975,000
Public Improvements	2007	13,725,050	April, 2021	4.300	7,000,000
Deficit Financing	2007	12,800,000	October, 2017	4.300	3,280,000
Public Improvements	2008	2,347,000	April, 2023	4.000-4.250	1,455,000
Public Improvements	2010	7,405,000	June, 2023	4.125-4.250	5,085,000
Public Improvements	2011	11,615,500	April, 2026	3.325-6.250	9,380,000
Tax Certiorari	2012	232,111	April, 2017	4.000	100,000
Separation Payments	2014	972,043	January, 2021	2.250-3.000	840,000
Separation Payments and Tax Certiorari	2014	3,869,360	January, 2023	2.000-3.000	3,453,908
Public Improvements	2014	2,661,899	January, 2023	2.000-3.000	2,376,092
					<u>\$ 36,770,000</u>

Interest expenditures of \$1,630,803 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$1,608,287 was recorded in the government-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Bond Anticipation Notes Payable

The schedule below details the changes in non-capital bond anticipations notes payable:

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance January 1, 2015	New Issues	Redemptions	Balance December 31, 2015
Separation Payments	2012	04/16	1.75 %	\$ 410,000	\$ -	\$ 45,000	\$ 365,000
Tax Certioraris	2013	04/16	1.25	400,000	-	36,276	363,724
Separation Payments	2014	04/16	1.75	900,000	-	-	900,000
Tax Certioraris	2014	04/16	1.50	550,000	-	-	550,000
Separation Payments	2014	04/16	3.00	260,000	-	-	260,000
Tax Certioraris	2014	04/16	1.25	350,000	-	-	350,000
Tax Certioraris	2015	04/16	1.25	-	290,000	-	290,000
Legal Judgment	2015	04/16	1.25	-	435,000	-	435,000
Separation Payments	2015	04/16	1.75	-	409,000	-	409,000
Tax Certioraris	2015	04/16	2.50	-	610,000	-	610,000
				<u>\$ 2,870,000</u>	<u>\$ 1,744,000</u>	<u>\$ 81,276</u>	<u>\$ 4,532,724</u>

The City, pursuant to GASB pronouncements, has not recorded these liabilities in the fund financial statements since it has demonstrated an ability to consummate refinancing. The ability to consummate refinancing was evidenced by obtaining permanent financing or a renewal of the note prior to the issuance of the financial statements. Interest expenditures of \$34,137 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$51,421 was recorded in the government-wide financial statements for governmental activities.

Installment Purchase Debt

The City entered into a lease agreement to finance the cost of an ambulance. The terms of this agreement provided for the repayment of the principal amount of \$383,065, with seven annual installments of \$65,210, including interest at 4.59% beginning in 2011. The balance due at December 31, 2015 was \$121,969.

The City entered into a lease agreement to finance the cost of a fire truck. The terms of this agreement provided for the repayment of the principal amount of \$486,383, with ten annual installments of \$62,897, including interest at 4.97% beginning in 2011. The balance due at December 31, 2015 was \$272,537.

The City entered into a lease agreement to finance the cost of ball field lights. The terms of this agreement provided for the repayment of the principal amount of \$245,000, with five annual installments of \$54,374, including interest at 3.78% beginning in 2012. The balance due at December 31, 2015 was \$52,553.

Interest expenses/expenditures of \$27,672 were recorded in the fund financial statements in the Debt Service Fund and district-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding of the primary government as of December 31, 2015 including interest payments of \$6,595,535 are as follows:

December 31,	Bonds Payable		Bond Anticipation Notes	
	Principal	Interest	Principal	Interest
2016	\$ 6,120,000	\$ 1,437,066	\$ 4,532,724	\$ 62,657
2017	6,360,000	1,198,002	-	-
2018	3,855,000	966,529	-	-
2019	4,005,000	818,409	-	-
2020	4,170,000	659,820	-	-
2021-2025	11,155,000	1,366,299	-	-
2026	1,105,000	34,531	-	-
	<u>\$ 36,770,000</u>	<u>\$ 6,480,656</u>	<u>\$ 4,532,724</u>	<u>\$ 62,657</u>

Year Ended December 31,	Installment Purchase Debt		Total	
	Principal	Interest	Principal	Interest
2016	\$ 161,522	\$ 20,960	\$ 10,814,246	\$ 1,520,683
2017	114,157	13,951	6,474,157	1,211,953
2018	54,379	8,518	3,909,379	975,047
2019	57,082	5,815	4,062,082	824,224
2020	59,919	2,978	4,229,919	662,798
2021-2025	-	-	11,155,000	1,366,299
2026	-	-	1,105,000	34,531
	<u>\$ 447,059</u>	<u>\$ 52,222</u>	<u>\$ 41,749,783</u>	<u>\$ 6,595,535</u>

The above general obligation bonds, bond anticipation notes and installment purchase debt are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the City.

Retirement Incentives and Other Pension Obligations

The ERS and PFRS charges to participating governments increased significantly in 2003. Consequently, the State Legislature enacted legislation in 2003 and 2004 that authorized local governments to amortize a portion of their respective contributions due in 2004, 2005 and 2006 and pay each of these obligations over a ten year period with interest at 5% per annum. The City elected to amortize the maximum allowable ERS and PFRS contributions for each respective year as noted in the table below.

The State Legislature enacted Chapter 57 of the Laws of 2010. This chapter authorized local governments, at their option, to amortize a portion of their respective ERS and PFRS contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rate as compared to the System's overall graded rate. The amortized amounts are to be paid in equal annual

Note 3 - Detailed Notes on All Funds (Continued)

installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on taxable fixed rate securities of a comparable duration and will be adjusted annually.

	Original Amount Amortized	Current Year Payments Including Interest	Balance Due	Due Within One Year
2005 ERS	\$ 47,237	\$ 6,118	\$ -	\$ -
2005 PFRS	368,553	47,729	-	-
2006 PFRS	372,564	48,249	45,951	45,951
2011 ERS	430,355	52,401	276,941	42,015
2011 PFRS	305,440	37,191	196,556	29,820
2012 ERS	471,674	55,295	344,501	44,960
2012 PFRS	361,487	42,378	264,022	34,457
2013 ERS	737,235	89,408	610,245	67,011
2013 PFRS	239,855	29,088	198,540	21,802
2014 ERS	300,105	35,451	274,107	26,817
2014 PFRS	387,627	45,790	354,047	34,638
	<u>\$ 4,022,132</u>	<u>\$ 489,098</u>	<u>\$ 2,564,910</u>	<u>\$ 347,471</u>

The current year payments were charged to retirement expenditures as identified below:

	ERS	PFRS	Total
General Fund	<u>\$ 238,673</u>	<u>\$ 250,425</u>	<u>\$ 489,098</u>

Compensated Absences

In accordance with the existing collective bargaining agreements, the City is required to compensate employees for accumulated sick leave. Sick leave earned by CSEA employees may be accumulated up to 250 days. Upon separation of service, those CSEA employees with ten years or more of service are entitled to compensation for 100% while those with less than ten years of service are entitled to compensation for 75% of these unused sick days. The compensation is calculated based on the employees' final ten year average daily rate of pay. Sick leave earned by PBA employees is unlimited. Upon separation of service, PBA employees are entitled to payment for one-half of the accumulated sick days up to a maximum of 265 days at the current rate of pay. PBA employees are also entitled to termination pay upon retirement. Eligible employees receive five days pay for each year of service up to a maximum of one-hundred days. Vacation time is generally taken in the year earned, however, with approval, certain employees may carryover vacation leave to the following year. The value of the compensated absences has been reflected in the government-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Pension Plans

New York State and Local Retirement System

The City participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2016 are as follows:

Contribution rates for the plans' year ended March 31, 2016 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	25.2 %
	2 75I	23.1
	3 A14	18.8
	4 A15	18.8
	5 A15	15.5
	6 A15	10.5
PFRS	2 384E3	25.1
	5 384E *	20.4
	5 384E	23.9
	6 384E *	14.5
	6 384E	21.3

* Employees are required to make contributions for this PFRS plan/tier.

Note 3 - Detailed Notes on All Funds (Continued)

At December 31, 2015, the City, CDA and IDA reported liability of \$1,047,228, \$29,905 and \$11,629, respectively, for its proportionate share of the net pension liability of ERS and a liability of \$667,605 for its proportionate share of the net pension liability of PFRS. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At December 31, 2015, the City's proportion was .0309992% for ERS and .2425366% for PFRS. At December 31, 2015 the CDA's and IDA's proportion was .0012295% for ERS. For this first year of implementation, the System reported no change in the allocation percentage measured as of March 31, 2014.

For the year ended December 31, 2015, the City recognized pension expense in the government-wide financial statements of \$915,242 for ERS and \$1,527,198 for PFRS. Pension expenditures of \$1,073,126 for ERS and \$1,868,910 for PFRS were recorded in the fund financial statements and were charged to the following funds:

	ERS	PFRS
General Fund	\$ 867,234	\$ 1,868,910
Water	60,301	-
Golf and Recreation	145,591	-
Total	<u>\$ 1,073,126</u>	<u>\$ 1,868,910</u>

For the year ended December 31, 2015 the CDA and IDA both recognized pension expense of \$13,682.

At December 31, 2015, the City and its component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS				PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Component Units		Deferred Outflows of Resources	Deferred Inflows of Resources
			CDA	IDA		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,523	\$ -	\$ 958	\$ 373	\$ 80,509	\$ -
Net difference between projected and actual earnings on pension plan investments	181,890	-	5,194	2,020	224,137	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	27,777	7,402	2,879	-	146,407
City contributions subsequent to the measurement date	826,979	-	55,411	21,547	1,364,849	-
	<u>\$ 1,042,392</u>	<u>\$ 27,777</u>	<u>\$ 68,965</u>	<u>\$ 26,819</u>	<u>\$ 1,669,495</u>	<u>\$ 146,407</u>

The amounts reported as deferred outflows of resources related to ERS and PFRS resulting from accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2016. Other amounts reported as deferred

Note 3 - Detailed Notes on All Funds (Continued)

outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

Year Ended March 31,	ERS	PFRS
2016	\$ 46,909	\$ 42,855
2017	46,909	42,855
2018	46,909	42,855
2019	46,909	42,855
2020	-	(13,181)

Year Ended March 31,	ERS	
	CDA	IDA
2016	\$ 3,388	\$ 1,318
2017	3,388	1,318
2018	3,389	1,318
2019	3,389	1,318

The total pension liability for the March 31, 2015 measurement date was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liabilities to March 31, 2015. The total pension liabilities for the March 31, 2014 measurement date were determined by using an actuarial valuation as of April 1, 2014. Significant actuarial assumptions used in the April 1, 2014 valuation were as follows:

Actuarial cost method	Entry age normal
Inflation	2.7%
Salary scale	4.9% in ERS, 6.0% in PFRS indexed by service
Investment rate of return	7.5% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.4% annually

Annuitant mortality rates are based on the April 1, 2005 - March 31, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 and 2014 are summarized below.

Note 3 - Detailed Notes on All Funds (Continued)

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	38 %	7.30 %
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return Strategies	3	6.75
Opportunistic Portfolio	3	8.60
Real Assets	3	8.65
Bonds and Mortgages	18	4.00
Cash	2	2.25
Inflation Indexed Bonds	2	4.00
	<u>100 %</u>	

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
City's proportionate share of the ERS net pension liability (asset)	<u>\$ 6,980,228</u>	<u>\$ 1,047,228</u>	<u>\$ (3,961,695)</u>
City's proportionate share of the PFRS net pension liability (asset)	<u>\$ 8,888,812</u>	<u>\$ 667,605</u>	<u>\$ (6,222,262)</u>
CDA's proportionate share of the ERS net pension liability (asset)	<u>\$ 199,326</u>	<u>\$ 29,905</u>	<u>\$ (113,129)</u>
IDA's proportionate share of the ERS net pension liability (asset)	<u>\$ 77,515</u>	<u>\$ 11,629</u>	<u>\$ (43,994)</u>

Note 3 - Detailed Notes on All Funds (Continued)

The components of the collective net pension liability as of the March 31, 2015 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 164,591,504,000	\$ 28,474,417,000	\$ 193,065,921,000
Fiduciary net position	161,213,259,000	28,199,157,000	189,415,416,000
Employers' net pension liability	<u>\$ 3,378,245,000</u>	<u>\$ 275,260,000</u>	<u>\$ 3,650,505,000</u>
Fiduciary net position as a percentage of total pension liability	<u>97.9%</u>	<u>99.0%</u>	<u>98.1%</u>

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Retirement contributions as of December 31, 2015 represent the employer contribution for the period of April 1, 2015 through December 31, 2015 based on prior year ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and PFRS for the nine months ended December 31, 2015 were \$986,270 and \$1,376,584, respectively.

Claims Payable

The government-wide financial statement reflects workers' compensation and general liability benefit liabilities, which are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported (IBNR's). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of unpaid claim liabilities is as follows:

	2015	2014
Unpaid Claims - Beginning of Year	\$ 2,085,546	\$ 2,222,993
Incurred Claims including IBNR's	916,815	928,619
Claims Paid	<u>(1,446,808)</u>	<u>(1,066,066)</u>
Unpaid Claims - End of Year	<u>\$ 1,555,553</u>	<u>\$ 2,085,546</u>
Current Portion	<u>\$ 155,555</u>	<u>\$ 208,555</u>

Note 3 - Detailed Notes on All Funds (Continued)

Claims payable also includes a liability of \$824,786 for court ordered tax certiorari refunds of which \$466,683 represents the current portion. These amounts have been recorded in the government-wide financial statements.

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the City provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the City may vary according to length of service. The cost of providing post employment health care benefits is shared between the City and the retired employee. Substantially all of the City's employee's may become eligible for those benefits if they reach normal retirement age while working for the City. The cost of retiree health care benefits is recognized as an expenditure as claims are paid in the fund financial statements.

The City's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The City is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the expected rate of return on the City's general assets. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in post-retirement benefits are as follows:

Year Ended December 31,	Medical	Dental
2015	7.50 %	5.00 %
2016	7.00	5.00
2017	6.50	5.00
2018	6.00	5.00
2019	5.50	5.00
2020+	5.00	5.00

Note 3 - Detailed Notes on All Funds (Continued)

The amortization basis is the level dollar amount with a closed amortization approach with 23 years remaining in the amortization period. The actuarial assumptions included a 5% investment rate of return, 5% inflation rate. The City currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the projected unit credit method.

The number of participants as of December 31, 2015 was as follows:

Active Employees	168
Retired Employees	193
	<u>361</u>

	Primary Government	Component Units	
		CDA	IDA
Amortization Component:			
Actuarial Accrued Liability as of January 1, 2014	\$ 64,859,709	\$ 1,701,031	\$ 661,512
Assets at Market Value	-	-	-
Unfunded Actuarial Accrued Liability	<u>\$ 64,859,709</u>	<u>\$ 1,701,031</u>	<u>\$ 661,512</u>
Funded Ratio	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 12,822,448</u>	<u>\$ 336,285</u>	<u>\$ 130,778</u>
UAAL as a Percentage of Covered Payroll	<u>505.83%</u>	<u>505.83%</u>	<u>505.83%</u>
Annual Required Contribution	\$ 6,277,126	\$ 121,327	\$ 47,183
Interest on Net OPEB Obligation	1,330,346	31,435	14,718
Adjustment to Annual Required Contribution	<u>(1,689,106)</u>	<u>(43,639)</u>	<u>(18,323)</u>
Annual OPEB Cost	5,918,366	109,123	43,578
Contributions Made	<u>(2,600,991)</u>	<u>(59,216)</u>	<u>(23,028)</u>
Increase in Net OPEB Obligation	3,317,375	49,907	20,550
Net OPEB Obligation - Beginning of Year	<u>26,606,919</u>	<u>687,407</u>	<u>\$ 267,325</u>
Net OPEB Obligation - End of Year	<u>\$ 29,924,294</u>	<u>\$ 737,314</u>	<u>\$ 287,875</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding year is as follows.

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 5,918,366	43.9 %	\$ 29,924,294
2014	5,737,755	42.3	26,606,919
2013	6,646,235	40.3	23,298,586

Note 3 - Detailed Notes on All Funds (Continued)

Community Development Agency

<u>Fiscal Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 109,123	54.3 %	\$ 737,314
2014	108,582	50.9	687,407
2013	164,419	39.9	634,135

Industrial Development Agency

<u>Fiscal Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 43,578	52.8 %	\$ 287,875
2014	42,226	50.9	267,325
2013	63,941	39.9	246,608

New York State Loan – Retirement – Component Unit

The CDA component unit has elected to amortize the maximum allowable ERS contribution which aggregated \$18,170, \$18,170, \$27,417 and \$17,700 for 2015, 2014, 2012 and 2011. The amount required to be amortized during 2015 was \$6,197, including interest. The balance due at December 31, 2015 was \$36,662.

Section 108 Loan – Component Units

In October 1999, the CDA and IDA and the County of Nassau entered into agreements regarding obtaining a \$6,000,000 loan, pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974. The purpose of the loan was to acquire, decontaminate and develop certain waterfront properties.

The County and the United States Department of Housing and Urban Development agreed to make the Section 108 loan to the CDA based on guarantees from the CDA and the IDA regarding the repayment of the loan and indemnification for all hazardous material.

The CDA agreed to sign a \$6,000,000 note payable to the County and advance the loan proceeds to the IDA for the acquisition and improvement of waterfront properties. The note is secured by a mortgage on the properties. The interest rate for each advance will be set on the date of such advance and will be equal to 0.2% above the three-month LIBOR. Interest will be paid quarterly and the maturity date of the loan was August 1, 2004. This loan has been extended several times and is now due and payable at \$113,000 annually through August 1, 2015 with the remaining balance due August 1, 2016.

Note 3 - Detailed Notes on All Funds (Continued)

In December 2003, the City obtained a loan from the State of New York Environmental Facilities Corporation in the amount of \$1,255,000, the proceeds of which were turned over to the CDA and used to pay down the Section 108 loan reducing the \$6,000,000 to \$4,745,000. During 2013, \$500,000 was paid on this EFC loan on behalf of the City and the remaining amount of \$755,000 was paid off during 2014. Also the IDA made a principal payment of \$113,000 on this loan in July 2014. The outstanding balance of this Section 108 loan is \$4,302,169 at December 31, 2015.

On October 13, 2009, the City, the CDA, the IDA and County of Nassau executed an agreement to borrow an additional \$2,350,000 Section 108 loan, pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974. The Agency has issued two notes in the amounts of \$850,000 and \$1,500,000 that mature on July 31, 2021. The amount of \$2,056,831 is outstanding at December 31, 2015. The interest rate is to be paid quarterly until the maturity date of the loan on July 31, 2021.

Accordingly, the total balance of the Section 108 loans at December 31, 2015 was \$6,359,000. This loan has a balloon payment of \$6,359,000 due in 2016. It will be repaid from the proceeds generated by the sale of the redeveloped properties.

Brownfield Revolving Loan Payable – Component Unit

In July 2010, the CDA entered into a loan and grant agreement with Nassau County and USEPA. Whereby CDA was awarded \$410,000 and IDA was awarded \$590,000 for an aggregate of \$1,000,000. The \$410,000 includes \$200,000 of grant and \$210,000 of loan. The loan and interest must be repaid by April 2020 or upon the sale of the Waterfront Property. Interest is accrued at 3% annually. Both, the interest and the loan have been classified as long-term debt on the balance sheet. The accrued interest for the year ended December 31, 2015 was \$6,300.

H. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers reflected below have been reflected as transfers:

Transfers Out	Transfers In				Total
	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 7,918,983	\$ -	\$ 1,708,902	\$ 9,627,885
Water Fund	608,555	625,751	-	-	1,234,306
Debt Service Fund	-	-	766,526	-	766,526
Capital Projects Fund	-	238,533	-	-	238,533
Non-Major Governmental Funds	-	66,000	-	-	66,000
	<u>\$ 608,555</u>	<u>\$ 8,849,267</u>	<u>\$ 766,526</u>	<u>\$ 1,708,902</u>	<u>\$ 11,933,250</u>

Note 3 - Detailed Notes on All Funds (Continued)

Transfers are used to 1) move revenues from the funds with collection authorization to the Debt Service Fund as debt service principal and interest payments become due and to funds where additional amounts are needed, 2) move amounts earmarked in the operating funds to fulfill commitments of the Golf and Recreation funds, 3) to transfer amounts from closed projects for future debt payments and 4) to move amounts to the Capital Projects Fund for bond anticipation note and other payments.

I. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Special Purposes - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints placed on their use by Local Finance Law.

Restricted for Section 8 Housing Assistance Program - the component of net position that reports the difference between assets and liabilities of the Glen Cove Community Development Agency - Housing Assistance Fund which is used to account for resources received and used for housing assistance payment purposes.

Restricted for Community Development Block Grant Program - the component of net position that reports the difference between assets and liabilities of the Glen Cove Community Development Agency with constraints placed on their use by the United States Department of Housing and Urban Development.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

City of Glen Cove, New York

Notes to Financial Statements (Continued) December 31, 2015

Note 3 - Detailed Notes on All Funds (Continued)

J. Fund Balances

	2015						2014					
	General Fund	Water Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Water Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable												
Prepaid expenditures	\$ 29,412	\$ -	\$ -	\$ -	\$ -	\$ 29,412	\$ 27,492	\$ -	\$ -	\$ -	\$ -	\$ 27,492
Long-term receivables	3,222,819	-	-	-	-	3,222,819	2,522,089	-	-	-	-	2,522,089
Total Nonspendable	3,252,231	-	-	-	-	3,252,231	2,549,581	-	-	-	-	2,549,581
Restricted												
Trusts	-	-	-	-	13,005	13,005	-	-	-	-	13,249	13,249
Unassigned												
Purchases on order												
General government support	6,480	-	-	-	-	6,480	4,047	-	-	-	-	4,047
Public safety	17,736	-	-	-	-	17,736	29,320	-	-	-	-	29,320
Health	2,864	-	-	-	-	2,864	4,880	-	-	-	-	4,880
Transportation	12,243	-	-	-	-	12,243	11,855	-	-	-	-	11,855
Culture and recreation	1,000	-	-	-	-	1,000	5,755	-	-	-	-	5,755
Home and community	-	1,803	-	-	-	1,803	116	217	-	-	-	333
	40,323	1,803	-	-	-	42,126	55,973	217	-	-	-	56,190
Deficit	(4,229,768)	(339,447)	(7,284)	(17,156,523)	(439,296)	(22,172,318)	(4,536,871)	(667,142)	(7,909)	(8,955,063)	(567,563)	(14,734,548)
Total Unassigned	(4,189,445)	(337,644)	(7,284)	(17,156,523)	(439,296)	(22,130,192)	(4,480,898)	(666,925)	(7,909)	(8,955,063)	(567,563)	(14,678,358)
Total Fund Balances	\$ (937,214)	\$ (337,644)	\$ (7,284)	\$ (17,156,523)	\$ (426,291)	\$ (18,864,956)	\$ (1,931,317)	\$ (666,925)	\$ (7,909)	\$ (8,955,063)	\$ (554,314)	\$ (12,115,528)

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Prepaid Expenditures has been established to account for retirement, insurance and certain other payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Long-Term Receivables represents funds set aside to indicate the long-term nature of taxes receivable collected for other governments. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Restricted for trusts has been established to set aside funds in accordance with the terms of the grants.

Purchases on order represent the City's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions. The amounts are reflected as assigned fund balance except where the assignment would cause a negative unassigned fund balance.

Unassigned fund balances in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned. Unassigned fund balances in the Water, Debt Service, Capital Projects and Golf and Recreation funds represent the deficit balances in those funds.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The City, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, property damage or personal injury. Of the claims currently pending, none are expected to have a material effect on the financial position of the City, if adversely settled.

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the City, if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

B. Contingencies

The City participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Single Audit Act. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, to be immaterial.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

In 1999, the EPA advised the City about its potential responsibility for the cost of remediating the contamination at the 26 acre parcel of land known as the Li Tungsten property and a 23 acre parcel of land referred to as the Captain's Cove property. The EPA's examination of environmental contamination indicated that waste materials from tungsten processing and other operations had been deposited on these parcels while the City owned them. According to EPA regulations and the various agreements between the City, the CDA and the IDA, the City is responsible for the payments of the remediation costs. In 2000, the EPA responded favorably to the City's settlement proposal of \$5.2 million. The City subsequently obtained financing from the New York State Environmental Facilities Corporation.

On March 30, 1999, the IDA and EPA entered into a prospective purchase agreement regarding the above named parcels of land. The IDA acquired these sites for commercial waterfront development. The EPA has an unperfected lien against the properties. Under the agreement, the IDA agreed to 1) expend in excess of \$9 million for economic revitalization of the sites and surrounding area and 2) pay the EPA, upon sale or lease of the site, 50% of the sales proceeds received in excess of \$9 million up to \$12.2 million or 40% of any amount received in excess of \$12.2 million up to \$14.2 million plus \$1.6 million or 25% of the sales proceeds over \$14.2 million plus \$2.4 million.

During 2014, the CDA, IDA and the City have approached the EPA to forgive the amount of \$2.36 million that will be due upon the sale of the waterfront, demonstrating that the amount of waterfront expenses incurred by the City and the agencies is far greater than the original \$9 million as well as the purchase price reduction from \$25 million to \$15 million. The outcome of this request remains undetermined.

On May 14, 2003, the IDA and CDA entered into a sales agreement with Glen Isle Development Corp., LLC regarding these parcels for the purpose of redevelopment. The price is to be determined upon obtaining independent appraisals. The City has applied for various grants to fund the offsite infrastructure costs. The projected sales price was approximately \$20.5 million, with a minimum agreed upon price of \$12.5 million and a maximum price of \$26 million. On April 15, 2005, the agreement was amended and the minimum purchase price was raised to \$25 million while the maximum price was raised to \$32.5 million.

On October 27, 2012, the waterfront property was appraised at \$12.7 million and the redeveloper exercised its option. On December 6, 2012, the IDA and RXR-GI signed a letter of agreement on the Final Fair Market Value and agreed upon purchased price of \$15 million.

On December 9, 2014 the sixth amendment to the agreement was signed. This amendment states that the initial advances made to the IDA for the EFC and 108 loans will be deducted from the purchase price of the property. Subsequent advances made to the IDA will not. Currently, a letter of agreement for two quarterly advances is being developed. In the years ended December 31, 2014 and 2013, the developer made advances of \$1,465,000 and \$1,023,333, respectively. \$1,115,000 was recorded as deferred revenue and reduced the purchase price to \$13,885,000. \$350,000 of the advance was used to pay professional fees.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

C. Risk Management

The City is currently self-insured for general, auto, police and fire liability and worker's compensation claims. Insurance coverage has been secured for losses in excess of the City's self-insured retention level of \$500,000 for worker's compensation claims. The City purchases conventional property and casualty insurance to reduce its exposure to loss from damage or fire to City owned properties. Settled claims resulting from those risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City also purchases conventional health insurance coverage for most full-time City employees and retirees.

Note 5 - Subsequent Events

The City, in January 2016, issued serial bonds for the construction of a new ferry terminal in the amount of \$3,340,000. The proceeds were used to redeem bond anticipation notes previously issued. The bonds mature annually through January 2029 with interest ranging from 3.27% to 4.90%.

The City, in April 2016, issued a bond anticipation note for various City improvements as well as a legal judgment and tax certiorari payments in the total amount of \$11,022,761. The proceeds were partially used to redeem notes previously issued. The note is due April 6, 2017 with interest at 2.5%.

City of Glen Cove, New York

Required Supplementary Information - Other Post Employment Benefits
Schedule of Funding Progress
Last Three Fiscal Years

Fiscal Year Ended December 31,	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
2013	\$ -	\$ 68,848,065	\$ 68,848,065	- %	\$ 12,364,736	556.81 %
2014	-	62,497,166	62,497,166	-	12,355,385	505.83
2015	-	64,859,709	64,859,709	-	12,822,448	505.83

City of Glen Cove, New York

Required Supplementary Information - Schedule of the City's Proportionate Share of the Net Pension Liability New York State and Local Employees' Retirement System Last Ten Fiscal Years (1)

	<u>2015</u>
City's proportion of the net pension liability (asset)	<u>0.0309992%</u>
City's proportionate share of the net pension liability (asset)	<u>\$ 1,047,228</u>
City's covered employee payroll	<u>\$ 7,478,081</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	<u>14.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>97.90%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions.

City of Glen Cove, New York

Required Supplementary Information - Schedule of Contributions
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	<u>2015</u>
Contractually required contribution	\$ 1,417,783
Contributions in relation to the contractually required contribution	<u>(1,417,783)</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered employee payroll	<u>\$ 8,008,515</u>
Contributions as a percentage of covered-employee payroll	<u>17.70%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions.

City of Glen Cove, New York

Required Supplementary Information - Schedule of the City's Proportionate Share of the Net Pension Liability New York State and Local Police and Fire Retirement System Last Ten Fiscal Years (1)

	2015
City's proportion of the net pension liability (asset)	<u>0.2425366%</u>
City's proportionate share of the net pension liability (asset)	<u>\$ 667,605</u>
City's covered employee payroll	<u>\$ 7,519,613</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	<u>8.88%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>99.00%</u>

Note - The amounts presented for each fiscal year were determined as of the
March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental
Accounting Standards Board Statement No. 68, Accounting and Financial
Reporting for Pensions.

City of Glen Cove, New York**Required Supplementary Information - Schedule of Contributions
New York State and Local Police and Fire Retirement System
Last Ten Fiscal Years (1)**

	<u>2015</u>
Contractually required contribution	\$ 1,909,639
Contributions in relation to the contractually required contribution	<u>(1,909,639)</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered employee payroll	<u>\$ 8,358,412</u>
Contributions as a percentage of covered-employee payroll	<u>22.85%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions.

City of Glen Cove, New York**Required Supplementary Information - Schedule of Funding Progress
Pension Trust Fund - Fire Service Awards Program
Last Six Fiscal Years**

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
2010	\$ 991,965	\$ 1,508,107	\$ 516,142	65.78 %
2011	1,100,089	1,638,296	538,207	67.15
2012	1,273,427	1,796,905	523,478	70.87
2013	1,325,475	1,899,407	573,932	69.78
2014	1,464,081	2,091,635	627,554	70.00
2015	1,632,922	2,159,076	526,154	75.63

City of Glen Cove, New York**Required Supplementary Information - Schedule of Contributions
Pension Trust Fund - Fire Service Awards Program
Last Six Fiscal Years**

<u>Year Ended December 31,</u>	<u>Annual Required Contribution</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
2010	\$ 114,606	\$ 130,000	113.43 %
2011	126,771	126,106	99.48
2012	104,395	62,875	60.23
2013	136,029	90,000	66.16
2014	180,647	170,000	94.11
2015	155,313	130,000	83.70

City of Glen Cove, New York

General Fund
Comparative Balance Sheet
December 31,

	2015	2014
ASSETS		
Cash and equivalents	\$ 5,447,538	\$ 1,442,411
Taxes receivable		
City taxes	20,474,554	24,160,935
Tax liens	4,172,158	3,284,685
	24,646,712	27,445,620
Allowance for uncollectible taxes	(705,078)	(451,898)
	23,941,634	26,993,722
Other receivables		
Accounts	593,391	652,027
State and Federal aid	24,600	136,370
Due from other governments	839,599	586,208
Due from component units	10,007,139	6,509,202
Due from other funds	3,824,813	3,314,610
	15,289,542	11,198,417
Prepaid expenditures	29,412	27,492
Total Assets	<u>\$ 44,708,126</u>	<u>\$ 39,662,042</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 601,603	\$ 805,229
Accrued liabilities	595,430	683,035
Due to other governments	328,273	316,557
Due to retirement systems	1,993,352	2,424,267
Overpayments	158,630	155,055
Due to other funds	1,737,865	172,505
Unearned revenues	9,691,202	6,185,767
Total Liabilities	15,106,355	10,742,415
Deferred inflows of resources		
Deferred tax revenues	890,687	681,608
Deferred property taxes for subsequent years	29,648,298	30,169,336
Total Deferred Inflows of Resources	30,538,985	30,850,944
Total Liabilities and Deferred Inflows of Resources	45,645,340	41,593,359
Fund balance (deficit)		
Nonspendable	3,252,231	2,549,581
Unassigned	(4,189,445)	(4,480,898)
Total Fund Deficit	(937,214)	(1,931,317)
Total Liabilities and Fund Deficit	<u>\$ 44,708,126</u>	<u>\$ 39,662,042</u>

City of Glen Cove, New York

General Fund

Comparative Schedule of Revenues, Expenditures and

Changes in Fund Balance - Budget and Actual

Years Ended December 31,

2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 30,163,505	\$ 30,163,505	\$ 29,677,428	\$ (486,077)
Other tax items	1,012,000	1,012,000	979,205	(32,795)
Non-property taxes	2,179,000	2,179,000	2,254,527	75,527
Departmental income	1,605,800	1,605,800	1,783,944	178,144
Intergovernmental charges	83,500	83,500	583,500	500,000
Use of money and property	437,200	437,200	458,801	21,601
Licenses and permits	476,900	476,900	505,826	28,926
Fines and forfeitures	410,000	410,000	556,125	146,125
Sale of property and compensation for loss	410,360	410,360	17,650	(392,710)
State aid	3,784,567	3,801,567	3,952,840	151,273
Federal aid	443,970	443,970	359,485	(84,485)
Miscellaneous	38,950	72,050	876,862	804,812
Total Revenues	41,045,752	41,095,852	42,006,193	910,341
EXPENDITURES				
Current				
General government support	5,050,950	6,188,649	6,166,089	22,560
Public safety	15,349,839	15,992,039	15,960,213	31,826
Health	684,342	687,342	684,235	3,107
Transportation	2,275,974	2,136,074	2,118,153	17,921
Economic opportunity and development	432,918	421,918	419,019	2,899
Culture and recreation	1,653,754	1,663,855	1,637,509	26,346
Home and community services	2,798,618	3,040,618	3,026,216	14,402
Employee benefits	4,786,000	4,696,000	4,685,007	10,993
Debt service				
Interest	-	-	-	-
Total Expenditures	33,032,395	34,826,495	34,696,441	130,054
Excess of Revenues Over Expenditures	8,013,357	6,269,357	7,309,752	1,040,395
OTHER FINANCING SOURCES (USES)				
Bond anticipation notes issued	-	1,744,000	1,744,000	-
Settlement income	950,000	950,000	959,681	9,681
Transfers in	608,555	608,555	608,555	-
Transfers out	(9,627,885)	(9,627,885)	(9,627,885)	-
Total Other Financing Uses	(8,069,330)	(6,325,330)	(6,315,649)	9,681
Net Change in Fund Balance	(55,973)	(55,973)	994,103	1,050,076
FUND BALANCE (DEFICIT)				
Beginning of Year	55,973	55,973	(1,931,317)	(1,987,290)
End of Year	\$ -	\$ -	\$ (937,214)	\$ (937,214)

2014

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 29,676,317	\$ 29,676,317	\$ 29,430,656	\$ (245,661)
1,036,700	1,036,700	1,006,169	(30,531)
2,224,000	2,224,000	2,212,776	(11,224)
1,627,548	1,641,048	1,557,271	(83,777)
82,000	837,000	830,000	(7,000)
502,200	502,200	478,465	(23,735)
508,900	508,900	411,774	(97,126)
385,000	385,000	419,266	34,266
250,000	250,000	4,450	(245,550)
3,718,567	3,729,567	3,735,287	5,720
446,630	446,630	529,279	82,649
36,500	47,375	458,448	411,073
40,494,362	41,284,737	41,073,841	(210,896)
4,972,966	6,570,361	6,626,548	(56,187)
14,487,490	15,140,615	15,130,579	10,036
616,709	608,009	602,246	5,763
2,122,554	2,053,554	2,159,922	(106,368)
434,945	450,945	445,533	5,412
1,593,218	1,629,293	1,610,827	18,466
3,060,609	3,021,089	3,003,080	18,009
4,682,000	4,592,000	4,602,916	(10,916)
43,000	43,000	42,813	187
32,013,491	34,108,866	34,224,464	(115,598)
8,480,871	7,175,871	6,849,377	(326,494)
-	2,060,000	2,060,000	-
-	-	-	-
-	-	-	-
(8,504,891)	(9,259,891)	(9,259,891)	-
(8,504,891)	(7,199,891)	(7,199,891)	-
(24,020)	(24,020)	(350,514)	(326,494)
24,020	24,020	(1,580,803)	(1,604,823)
\$ -	\$ -	\$ (1,931,317)	\$ (1,931,317)

City of Glen Cove, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended December 31, 2015

(With Comparative Actuals for 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2014 Actual
REAL PROPERTY TAXES	<u>\$ 30,163,505</u>	<u>\$ 30,163,505</u>	<u>\$ 29,677,428</u>	<u>\$ (486,077)</u>	<u>\$ 29,430,656</u>
OTHER TAX ITEMS					
Interest and penalties on real property taxes	185,000	185,000	149,340	(35,660)	150,541
Payments in lieu of taxes	<u>827,000</u>	<u>827,000</u>	<u>829,865</u>	<u>2,865</u>	<u>855,628</u>
	<u>1,012,000</u>	<u>1,012,000</u>	<u>979,205</u>	<u>(32,795)</u>	<u>1,006,169</u>
NON-PROPERTY TAXES					
Non-property tax distribution from County	1,300,000	1,300,000	1,327,172	27,172	1,289,959
Utilities gross receipts taxes	425,000	425,000	428,485	3,485	455,855
Excise taxes	4,000	4,000	3,693	(307)	2,778
Cable television franchise fees	<u>450,000</u>	<u>450,000</u>	<u>495,177</u>	<u>45,177</u>	<u>464,184</u>
	<u>2,179,000</u>	<u>2,179,000</u>	<u>2,254,527</u>	<u>75,527</u>	<u>2,212,776</u>
DEPARTMENTAL INCOME					
Charges for tax advertising	200,000	200,000	229,716	29,716	221,733
City Clerk fees	54,150	54,150	59,327	5,177	57,363
Other fees	120,000	120,000	112,339	(7,661)	146,022
Youth Bureau program fees	129,000	129,000	109,293	(19,707)	99,382
Police Department fees	67,650	67,650	107,876	40,226	85,334
Public Works fees	45,500	45,500	8,463	(37,037)	25,765
Ambulance Corps fees	800,000	800,000	954,976	154,976	725,750
Bus operations	3,000	3,000	2,468	(532)	2,402
Participant's contributions - Nutrition programs	94,000	94,000	115,877	21,877	109,336
Zoning and Planning Board fees	12,500	12,500	18,800	6,300	13,900
Commercial sanitation fees	<u>80,000</u>	<u>80,000</u>	<u>64,809</u>	<u>(15,191)</u>	<u>70,284</u>
	<u>1,605,800</u>	<u>1,605,800</u>	<u>1,783,944</u>	<u>178,144</u>	<u>1,557,271</u>

INTERGOVERNMENTAL CHARGES

Contribution from IDA	8,500	8,500	508,500	500,000	755,000
Administrative charges - School District	75,000	75,000	75,000	-	75,000

	83,500	83,500	583,500	500,000	830,000
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USE OF MONEY AND PROPERTY

Earnings on investments	1,200	1,200	1,887	687	2,751
Rentals of real property	435,000	435,000	456,914	21,914	475,714
Commissions	1,000	1,000	-	(1,000)	-

	437,200	437,200	458,801	21,601	478,465
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LICENSES AND PERMITS

Plumbing licenses	13,000	13,000	14,450	1,450	14,900
Building permits	326,200	326,200	319,333	(6,867)	234,600
Street opening and demolition permits	42,000	42,000	24,551	(17,449)	31,056
Plumbing permits	50,000	50,000	90,020	40,020	73,700
Other permits	45,700	45,700	57,472	11,772	57,518

	476,900	476,900	505,826	28,926	411,774
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FINES AND FORFEITURES

City court parking fines	325,000	325,000	338,341	13,341	314,553
Forfeiture of crime proceeds	-	-	4,779	4,779	3,088
Other fines and fees	85,000	85,000	213,005	128,005	101,625

	410,000	410,000	556,125	146,125	419,266
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**SALE OF PROPERTY AND
COMPENSATION FOR LOSS**

Sale of property	410,000	410,000	100	(409,900)	4,450
Sale of equipment	360	360	17,550	17,190	-

	410,360	410,360	17,650	(392,710)	4,450
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(Continued)

City of Glen Cove, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)

Year Ended December 31, 2015

(With Comparative Actuals for 2014)

85

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2014 Actual
STATE AID					
Per capita	\$ 2,837,000	\$ 2,837,000	\$ 2,837,667	\$ 667	\$ 2,837,667
Mortgage tax	650,000	650,000	625,207	(24,793)	536,782
Court facilities aid	68,000	68,000	64,107	(3,893)	67,547
Mass transit grants	180,000	180,000	107,250	(72,750)	177,006
Public safety grants	-	-	6,500	6,500	-
Veteran's services	3,400	3,400	-	(3,400)	-
Programs for the aging	6,000	23,000	23,000	-	11,000
S.T.O.P. DWI Program	15,000	15,000	61,137	46,137	927
Disaster assistance	-	-	118,644	118,644	201
Youth programs	25,167	25,167	109,328	84,161	104,157
	<u>3,784,567</u>	<u>3,801,567</u>	<u>3,952,840</u>	<u>151,273</u>	<u>3,735,287</u>
FEDERAL AID					
Youth programs	77,887	77,887	7,000	(70,887)	7,000
Nutrition for the elderly - Title III E	79,502	79,502	79,503	1	85,235
Nutrition for the elderly - Title III B	281,280	281,280	122,601	(158,679)	140,086
Nutrition for the elderly - Title III C-1	-	-	138,591	138,591	172,920
Disaster assistance	-	-	11,790	11,790	124,038
21st Century Grant	5,301	5,301	-	(5,301)	-
	<u>443,970</u>	<u>443,970</u>	<u>359,485</u>	<u>(84,485)</u>	<u>529,279</u>

MISCELLANEOUS

Refund of prior year's expenditures	5,000	5,000	767,181	762,181	107,406
Gifts and donations	32,750	65,850	85,405	19,555	27,786
Other	1,200	1,200	24,276	23,076	323,256

38,950	72,050	876,862	804,812	458,448
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TOTAL REVENUES

41,045,752	41,095,852	42,006,193	910,341	41,073,841
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OTHER FINANCING SOURCES

Bond anticipation notes issued	-	1,744,000	1,744,000	-	2,060,000
Settlement income	950,000	950,000	959,681	9,681	-
Transfers in - Water Fund	608,555	608,555	608,555	-	-

TOTAL OTHER FINANCING SOURCES

1,558,555	3,302,555	3,312,236	9,681	2,060,000
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**TOTAL REVENUES AND OTHER
FINANCING SOURCES**

\$ 42,604,307	\$ 44,398,407	\$ 45,318,429	\$ 920,022	\$ 43,133,841
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City of Glen Cove, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended December 31, 2015

(With Comparative Actuals for 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2014 Actual
GENERAL GOVERNMENT SUPPORT					
City Council	\$ 140,000	\$ 140,000	\$ 138,431	\$ 1,569	\$ 136,219
Mayor	417,749	396,449	392,484	3,965	366,907
City Hall	226,700	197,700	195,974	1,726	207,352
Finance	1,122,267	1,124,167	1,119,088	5,079	1,309,268
City Clerk	119,638	119,638	118,430	1,208	120,249
City Attorney	274,000	409,300	409,211	89	401,555
Human Resources	262,685	267,685	266,834	851	242,084
Public Works administration	995,696	1,162,395	1,161,674	721	1,130,550
Garage	625,660	456,660	455,937	723	613,754
Special items					
Self insurance contribution	244,005	679,005	679,005	-	205,400
Unallocated insurance	165,000	165,000	162,739	2,261	156,276
Municipal association dues	14,500	14,800	14,704	96	13,979
Refunds of real property taxes	100,000	980,000	979,969	31	949,468
Taxes on City property	50	50	-	50	24
Metropolitan commuter transportation mobility tax	68,000	68,000	63,888	4,112	65,818
Termination pay	-	7,800	7,721	79	707,645
Contingency	275,000	-	-	-	-
	<u>5,050,950</u>	<u>6,188,649</u>	<u>6,166,089</u>	<u>22,560</u>	<u>6,626,548</u>
PUBLIC SAFETY					
Police Department	13,728,511	14,327,511	14,313,299	14,212	13,487,058
Traffic Patrol	113,595	164,095	157,789	6,306	145,612
Building Department - Safety inspections	297,214	313,014	312,949	65	303,746
Fire Department	875,762	893,762	891,670	2,092	880,791
Code enforcement	269,257	225,257	225,093	164	270,434
Harbor Patrol	65,500	68,400	59,413	8,987	42,938
	<u>15,349,839</u>	<u>15,992,039</u>	<u>15,960,213</u>	<u>31,826</u>	<u>15,130,579</u>

HEALTH

Ambulance	<u>684,342</u>	<u>687,342</u>	<u>684,235</u>	<u>3,107</u>	<u>602,246</u>
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TRANSPORTATION

Road maintenance and repair	1,925,974	1,852,074	1,741,287	110,787	1,678,242
Snow removal	200,000	200,000	293,813	(93,813)	339,595
Loop bus	<u>150,000</u>	<u>84,000</u>	<u>83,053</u>	<u>947</u>	<u>142,085</u>

	<u>2,275,974</u>	<u>2,136,074</u>	<u>2,118,153</u>	<u>17,921</u>	<u>2,159,922</u>
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ECONOMIC OPPORTUNITY AND DEVELOPMENT

Veteran's services	7,280	8,280	5,911	2,369	6,885
Nutrition program for the elderly	<u>425,638</u>	<u>413,638</u>	<u>413,108</u>	<u>530</u>	<u>438,648</u>

	<u>432,918</u>	<u>421,918</u>	<u>419,019</u>	<u>2,899</u>	<u>445,533</u>
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CULTURE AND RECREATION

Youth Bureau	700,196	677,197	671,023	6,174	673,259
Shooting range	10,000	10,000	9,337	663	10,000
Celebrations	65,000	65,000	52,088	12,912	62,121
Senior Center - Adult Day Care	136,941	141,941	141,814	127	130,008
Senior Center - Recreation	<u>741,617</u>	<u>769,717</u>	<u>763,247</u>	<u>6,470</u>	<u>735,439</u>

	<u>1,653,754</u>	<u>1,663,855</u>	<u>1,637,509</u>	<u>26,346</u>	<u>1,610,827</u>
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HOME AND COMMUNITY SERVICES

Zoning Board of Appeals	5,500	5,500	6,423	(923)	8,421
Planning Board	92,822	92,822	89,984	2,838	93,289
Sanitation	2,676,796	2,918,796	2,919,813	(1,017)	2,891,443
Community beautification	20,000	20,000	9,996	10,004	9,927
Tree Restoration Program	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>	<u>-</u>

	<u>2,798,618</u>	<u>3,040,618</u>	<u>3,026,216</u>	<u>14,402</u>	<u>3,003,080</u>
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City of Glen Cove, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended December 31, 2015

(With Comparative Actuals for 2014)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2014 Actual
EMPLOYEE BENEFITS					
State retirement	\$ 1,127,000	\$ 1,107,000	\$ 1,105,907	\$ 1,093	\$ 1,161,221
Social security and medicare	496,000	496,000	492,275	3,725	514,734
Life, health and dental insurance	3,143,000	3,073,000	3,072,259	741	2,904,846
Unemployment benefits	20,000	20,000	14,566	5,434	22,115
	<u>4,786,000</u>	<u>4,696,000</u>	<u>4,685,007</u>	<u>10,993</u>	<u>4,602,916</u>
DEBT SERVICE					
Interest					
Revenue anticipation notes	-	-	-	-	42,813
TOTAL EXPENDITURES	<u>33,032,395</u>	<u>34,826,495</u>	<u>34,696,441</u>	<u>130,054</u>	<u>34,224,464</u>
OTHER FINANCING USES					
Transfers out					
Debt Service Fund	7,918,983	7,918,983	7,918,983	-	7,611,319
Golf and Recreation Fund	1,708,902	1,708,902	1,708,902	-	1,648,572
TOTAL OTHER FINANCING USES	<u>9,627,885</u>	<u>9,627,885</u>	<u>9,627,885</u>	<u>-</u>	<u>9,259,891</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 42,660,280</u>	<u>\$ 44,454,380</u>	<u>\$ 44,324,326</u>	<u>\$ 130,054</u>	<u>\$ 43,484,355</u>

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City of Glen Cove, New York

Water Fund
Comparative Balance Sheet
December 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and equivalents	<u>\$ 115,365</u>	<u>\$ 120,528</u>
Receivables		
Water rents	1,067,504	971,262
Due from other funds	<u>327,865</u>	<u>172,505</u>
	<u>1,395,369</u>	<u>1,143,767</u>
Total Assets	<u><u>\$ 1,510,734</u></u>	<u><u>\$ 1,264,295</u></u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 118,722	\$ 167,643
Accrued liabilities	17,153	12,130
Due to retirement systems	57,888	96,832
Due to other funds	<u>1,654,615</u>	<u>1,654,615</u>
Total Liabilities	1,848,378	1,931,220
Fund deficit		
Unassigned	<u>(337,644)</u>	<u>(666,925)</u>
Total Liabilities and Fund Deficit	<u><u>\$ 1,510,734</u></u>	<u><u>\$ 1,264,295</u></u>

City of Glen Cove, New York

Water Fund

**Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Years Ended December 31,**

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Departmental income	\$ 3,150,028	\$ 3,150,028	\$ 3,398,404	\$ 248,376
Miscellaneous	69,000	69,000	59,879	(9,121)
Total Revenues	3,219,028	3,219,028	3,458,283	239,255
EXPENDITURES				
Current				
Home and community services	1,984,939	1,984,939	1,894,696	90,243
Excess of Revenues Over Expenditures	1,234,089	1,234,089	1,563,587	329,498
OTHER FINANCING USES				
Transfers out	(1,234,306)	(1,234,306)	(1,234,306)	-
Net Change in Fund Balance	(217)	(217)	329,281	329,498
FUND BALANCE (DEFICIT)				
Beginning of Year	217	217	(666,925)	(667,142)
End of Year	\$ -	\$ -	\$ (337,644)	\$ (337,644)

2014			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 3,150,000 69,000	\$ 3,150,000 69,000	\$ 3,044,857 103,165	\$ (105,143) 34,165
3,219,000	3,219,000	3,148,022	(70,978)
1,850,084	1,850,084	1,927,934	(77,850)
1,368,916	1,368,916	1,220,088	(148,828)
(1,368,916)	(1,368,916)	(1,368,916)	-
-	-	(148,828)	(148,828)
-	-	(518,097)	(518,097)
\$ -	\$ -	\$ (666,925)	\$ (666,925)

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City of Glen Cove, New York

Debt Service Fund
Comparative Balance Sheet
December 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and equivalents	<u>\$ 548,097</u>	<u>\$ 552,233</u>
Receivables		
Due from other governments	2,313,402	2,700,035
Due from other funds	<u>178,199</u>	<u>175,000</u>
	<u>2,491,601</u>	<u>2,875,035</u>
 Total Assets	 <u><u>\$ 3,039,698</u></u>	 <u><u>\$ 3,427,268</u></u>
 LIABILITIES AND FUND DEFICIT		
Liabilities		
Due to other funds	\$ 1,207,690	\$ 1,207,690
Unearned revenues	<u>1,839,292</u>	<u>2,227,487</u>
 Total Liabilities	 3,046,982	 3,435,177
 Fund deficit		
Unassigned	<u>(7,284)</u>	<u>(7,909)</u>
 Total Liabilities and Fund Deficit	 <u><u>\$ 3,039,698</u></u>	 <u><u>\$ 3,427,268</u></u>

City of Glen Cove, New York

Debt Service Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Years Ended December 31,

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental charges	\$ 474,109	\$ 474,109	\$ 474,109	\$ -
Use of money and property	3,000	3,000	68,782	65,782
Total Revenues	477,109	477,109	542,891	65,782
EXPENDITURES				
Debt service				
Principal				
Serial bonds	6,518,562	6,518,562	6,518,562	-
Bond anticipation notes	837,600	71,074	81,276	(10,202)
Installment purchase debt	154,812	154,812	154,810	2
	7,510,974	6,744,448	6,754,648	(10,200)
Interest				
Serial bonds	1,630,811	1,630,811	1,630,803	8
Bond anticipation notes	211,886	211,886	211,884	2
Installment purchase debt	27,672	27,672	27,672	-
	1,870,369	1,870,369	1,870,359	10
Total Expenditures	9,381,343	8,614,817	8,625,007	(10,190)
Deficiency of Revenues Over Expenditures	(8,904,234)	(8,137,708)	(8,082,116)	55,592
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	-	-	-
Transfers in	8,904,234	8,904,234	8,849,267	(54,967)
Transfers out	-	(766,526)	(766,526)	-
Total Other Financing Sources	8,904,234	8,137,708	8,082,741	(54,967)
Net Change in Fund Balance	-	-	625	625
FUND BALANCE (DEFICIT)				
Beginning of Year	-	-	(7,909)	(7,909)
End of Year	\$ -	\$ -	\$ (7,284)	\$ (7,284)

2014			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 1,227,547 3,000	\$ 472,547 3,000	\$ 472,547 70,203	\$ - 67,203
1,230,547	475,547	542,750	67,203
6,266,288	6,266,288	6,266,288	-
1,128,713	5,282,858	5,351,654	(68,796)
187,970	187,970	187,869	101
7,582,971	11,737,116	11,805,811	(68,695)
1,726,858	1,726,858	1,726,854	4
456,201	456,201	549,375	(93,174)
35,752	35,752	35,750	2
2,218,811	2,218,811	2,311,979	(93,168)
9,801,782	13,955,927	14,117,790	(161,863)
(8,571,235)	(13,480,380)	(13,575,040)	(94,660)
-	4,841,403	4,841,403	-
8,341,235	9,096,235	9,096,610	375
-	(687,258)	(687,258)	-
8,341,235	13,250,380	13,250,755	375
(230,000)	(230,000)	(324,285)	(94,285)
230,000	230,000	316,376	86,376
\$ -	\$ -	\$ (7,909)	\$ (7,909)

City of Glen Cove, New YorkCapital Projects Fund
Comparative Balance Sheet
December 31,

	2015	2014
ASSETS		
Cash and equivalents	\$ 1,667,640	\$ 6,114,641
Receivables		
Accounts	-	10,000
State and Federal aid	912,048	878,645
Due from other governments	89,532	49,800
Due from other funds	810,000	-
	1,811,580	938,445
Total Assets	\$ 3,479,220	\$ 7,053,086
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 2,082,766	\$ 585,516
Retainages payable	-	100,829
Bond anticipation notes payable	18,522,940	15,294,966
Due to other funds	4,287	1,088
Unearned revenues	25,750	25,750
Total Liabilities	20,635,743	16,008,149
Fund deficit		
Unassigned	(17,156,523)	(8,955,063)
Total Liabilities and Fund Deficit	\$ 3,479,220	\$ 7,053,086

City of Glen Cove, New York**Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,**

	<u>2015</u>	<u>2014</u>
REVENUES		
Use of money and property	\$ 1,337	\$ -
State aid	607,579	705,578
Federal aid	722,022	692,913
Miscellaneous	<u>355,738</u>	<u>239,514</u>
Total Revenues	1,686,676	1,638,005
EXPENDITURES		
Capital outlay	<u>10,416,129</u>	<u>5,550,503</u>
Deficiency of Revenues Over Expenditures	<u>(8,729,453)</u>	<u>(3,912,498)</u>
OTHER FINANCING SOURCES (USES)		
Bonds issued	-	2,661,899
Transfers in	766,526	687,258
Transfers out	<u>(238,533)</u>	<u>(50,375)</u>
Total Other Financing Sources	<u>527,993</u>	<u>3,298,782</u>
Net Change in Fund Balance	(8,201,460)	(613,716)
FUND DEFICIT		
Beginning of Year	<u>(8,955,063)</u>	<u>(8,341,347)</u>
End of Year	<u><u>\$ (17,156,523)</u></u>	<u><u>\$ (8,955,063)</u></u>

City of Glen Cove, New York

Non-Major Governmental Funds
Combining Balance Sheet
December 31, 2015
(With Comparative Totals for 2014)

	Golf and Recreation	Special Purpose	Total Non-Major Governmental Funds	
			2015	2014
ASSETS				
Cash and equivalents	\$ 18,108	\$ 13,005	\$ 31,113	\$ 44,742
Receivables				
Accounts	-	-	-	9,000
Due from other funds	600,000	-	600,000	-
	600,000	-	600,000	9,000
Total Assets	<u>\$ 618,108</u>	<u>\$ 13,005</u>	<u>\$ 631,113</u>	<u>\$ 53,742</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 60,592	\$ -	\$ 60,592	\$ 24,856
Accrued liabilities	22,015	-	22,015	13,318
Due to retirement systems	140,586	-	140,586	236,017
Due to other funds	822,954	-	822,954	322,266
Unearned revenues	11,257	-	11,257	11,599
Total Liabilities	<u>1,057,404</u>	<u>-</u>	<u>1,057,404</u>	<u>608,056</u>
Fund balances (deficits)				
Restricted	-	13,005	13,005	13,249
Unassigned	(439,296)	-	(439,296)	(567,563)
Total Fund Balances (Deficits)	<u>(439,296)</u>	<u>13,005</u>	<u>(426,291)</u>	<u>(554,314)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 618,108</u>	<u>\$ 13,005</u>	<u>\$ 631,113</u>	<u>\$ 53,742</u>

City of Glen Cove, New York

Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes

In Fund Balances

Year Ended December 31, 2015

(With Comparative Totals for 2014)

			Totals	
	Golf and Recreation	Special Purpose	2015	2014
REVENUES				
Departmental income	\$ 1,312,805	\$ -	\$ 1,312,805	\$ 1,194,221
Use of money and property	101,625	-	101,625	102,150
Miscellaneous	1,834	6,884	8,718	3,972
Total Revenues	1,416,264	6,884	1,423,148	1,300,343
EXPENDITURES				
Current				
Culture and recreation	2,930,899	7,128	2,938,027	2,911,801
Deficiency of Revenues Over Expenditures	(1,514,635)	(244)	(1,514,879)	(1,611,458)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,708,902	-	1,708,902	1,648,572
Transfers out	(66,000)	-	(66,000)	(66,000)
Total Other Financing Sources	1,642,902	-	1,642,902	1,582,572
Net Change in Fund Balances	128,267	(244)	128,023	(28,886)
FUND BALANCES (DEFICITS)				
Beginning of Year	(567,563)	13,249	(554,314)	(525,428)
End of Year	<u>\$ (439,296)</u>	<u>\$ 13,005</u>	<u>\$ (426,291)</u>	<u>\$ (554,314)</u>

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City of Glen Cove, New YorkGolf and Recreation Fund
Comparative Balance Sheet
December 31,

	2015	2014
ASSETS		
Cash and equivalents	\$ 18,108	\$ 31,493
Receivables		
Accounts	-	9,000
Due from other funds	600,000	-
	600,000	9,000
Total Assets	\$ 618,108	\$ 40,493
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 60,592	\$ 24,856
Accrued liabilities	22,015	13,318
Due to retirement systems	140,586	236,017
Due to other funds	822,954	322,266
Unearned revenues	11,257	11,599
Total Liabilities	1,057,404	608,056
Fund deficit		
Unassigned	(439,296)	(567,563)
Total Liabilities and Fund Deficit	\$ 618,108	\$ 40,493

City of Glen Cove, New York

Golf and Recreation Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Years Ended December 31,

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Departmental income	\$ 1,306,400	\$ 1,365,400	\$ 1,312,805	\$ (52,595)
Use of money and property	111,900	111,900	101,625	(10,275)
Miscellaneous	1,000	1,000	1,834	834
Total Revenues	1,419,300	1,478,300	1,416,264	(62,036)
EXPENDITURES				
Current				
Culture and recreation	3,062,202	3,121,202	2,930,899	190,303
Deficiency of Revenues Over Expenditures	(1,642,902)	(1,642,902)	(1,514,635)	128,267
OTHER FINANCING SOURCES (USES)				
Transfers in	1,708,902	1,708,902	1,708,902	-
Transfers out	(66,000)	(66,000)	(66,000)	-
Total Other Financing Sources	1,642,902	1,642,902	1,642,902	-
Net Change in Fund Balance	-	-	128,267	128,267
FUND DEFICIT				
Beginning of Year	-	-	(567,563)	(567,563)
End of Year	\$ -	\$ -	\$ (439,296)	\$ (439,296)

2014			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 1,377,900	\$ 1,377,900	\$ 1,194,221	\$ (183,679)
89,000	89,000	102,150	13,150
1,000	1,000	1,000	-
1,467,900	1,467,900	1,297,371	(170,529)
3,050,472	3,050,472	2,910,141	140,331
(1,582,572)	(1,582,572)	(1,612,770)	(30,198)
1,648,572	1,648,572	1,648,572	-
(66,000)	(66,000)	(66,000)	-
1,582,572	1,582,572	1,582,572	-
-	-	(30,198)	(30,198)
-	-	(537,365)	(537,365)
\$ -	\$ -	\$ (567,563)	\$ (567,563)

City of Glen Cove, New York

Special Purpose Fund
Comparative Balance Sheet
December 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and equivalents	<u>\$ 13,005</u>	<u>\$ 13,249</u>
FUND BALANCE		
Restricted	<u>\$ 13,005</u>	<u>\$ 13,249</u>

City of Glen Cove, New York

Special Purpose Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

	<u>2015</u>	<u>2014</u>
REVENUES		
Miscellaneous	\$ 6,884	\$ 2,972
EXPENDITURES		
Current		
Culture and recreation	<u>7,128</u>	<u>1,660</u>
Excess (Deficiency) of Revenues Over Expenditures	(244)	1,312
FUND BALANCE		
Beginning of Year	<u>13,249</u>	<u>11,937</u>
End of Year	<u><u>\$ 13,005</u></u>	<u><u>\$ 13,249</u></u>

City of Glen Cove, New York

Internal Service Fund - Workers' Compensation and
General Liability Claims Fund
Comparative Statement of Net Position
December 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and equivalents	<u>\$ 65,000</u>	<u>\$ 165,000</u>
LIABILITIES		
Current liabilities		
Accounts payable	122,740	51,145
Due to other funds	313,466	303,951
Current portion of claims payable	<u>155,555</u>	<u>208,555</u>
Total Current Liabilities	591,761	563,651
Claims payable, less current portion	<u>1,399,998</u>	<u>1,876,991</u>
Total Liabilities	<u>1,991,759</u>	<u>2,440,642</u>
NET POSITION		
Unrestricted	<u>\$ (1,926,759)</u>	<u>\$ (2,275,642)</u>

City of Glen Cove, New York

Internal Service Fund - Workers' Compensation and

General Liability Claims Fund

Comparative Statement of Revenues, Expenses and Changes in Net Assets

Years Ended December 31,

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Charges for services	\$ 1,229,000	\$ 697,500
Insurance recoveries	<u>36,698</u>	<u>57,227</u>
Total Operating Revenues	<u>1,265,698</u>	<u>754,727</u>
OPERATING EXPENSES		
Employee benefits	190,559	886,195
Judgments and claims	<u>726,256</u>	<u>42,424</u>
Total Operating Expenses	<u>916,815</u>	<u>928,619</u>
Income (Loss) from Operations	348,883	(173,892)
DEFICIT		
Beginning of Year	<u>(2,275,642)</u>	<u>(2,101,750)</u>
End of Year	<u><u>\$ (1,926,759)</u></u>	<u><u>\$ (2,275,642)</u></u>

City of Glen Cove, New York

Internal Service Fund - Workers' Compensation and
General Liability Claims Fund
Comparative Statement of Cash Flows
Years Ended December 31,

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from charges for services	\$ 1,229,000	\$ 697,500
Cash received from insurance recoveries	36,698	57,227
Cash payments to insurance carriers and claimants	<u>(1,365,698)</u>	<u>(756,666)</u>
Net Cash from Operating Activities	(100,000)	(1,939)
CASH AND EQUIVALENTS		
Beginning of Year	<u>165,000</u>	<u>166,939</u>
End of Year	<u><u>\$ 65,000</u></u>	<u><u>\$ 165,000</u></u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income (loss) from operations	\$ 348,883	\$ (173,892)
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Changes in assets and liabilities		
Accounts payable	71,595	5,449
Due to other funds	9,515	303,951
Claims payable	<u>(529,993)</u>	<u>(137,447)</u>
Net Cash from Operating Activities	<u><u>\$ (100,000)</u></u>	<u><u>\$ (1,939)</u></u>

City of Glen Cove, New York

Combining Statement of Net Position
Pension Trust Funds - Service Awards Programs
December 31, 2015
(With Comparative Totals for 2014)

	Fire Service Awards Program	Ambulance Service Awards Program	Totals	
			2015	2014
ASSETS				
Cash and equivalents	\$ 23,205	\$ 18,998	\$ 42,203	\$ 59,646
Investments, at fair value				
Annuities	1,767,684	-	1,767,684	1,614,738
Fixed income - Taxable	-	26,792	26,792	62,212
Common stock	-	162,561	162,561	151,839
Mutual funds	-	139,597	139,597	101,000
	<u>1,767,684</u>	<u>328,950</u>	<u>2,096,634</u>	<u>1,929,789</u>
Total Assets	<u>1,790,889</u>	<u>347,948</u>	<u>2,138,837</u>	<u>1,989,435</u>
NET POSITION				
Restricted for pension benefits	<u>\$ 1,790,889</u>	<u>\$ 347,948</u>	<u>\$ 2,138,837</u>	<u>\$ 1,989,435</u>

City of Glen Cove, New York

Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds - Service Awards Programs
Year Ended December 31, 2015
(With Comparative Totals for 2014)

	Fire Service Awards Program	Ambulance Service Awards Program
ADDITIONS		
Earnings on investments	\$ 65,996	\$ 7,086
Pension contributions	130,000	-
Net change in fair value of investments	-	(3,642)
Total Additions	195,996	3,444
DEDUCTIONS		
Pension benefits	38,029	9,812
Administrative costs	-	2,197
Total Deductions	38,029	12,009
Change in Net Position	157,967	(8,565)
NET POSITION		
Beginning of Year	1,632,922	356,513
End of Year	<u>\$ 1,790,889</u>	<u>\$ 347,948</u>

Total	
2015	2014
\$ 73,082	\$ 67,829
130,000	217,080
(3,642)	15,042
199,440	299,951
47,841	52,192
2,197	8,713
50,038	60,905
149,402	239,046
1,989,435	1,750,389
<u>\$ 2,138,837</u>	<u>\$ 1,989,435</u>

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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditors' Report

**The Honorable Mayor and Common Council
of the City of Glen Cove, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Glen Cove, New York ("City") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 9, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the City in a separate letter.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
August 9, 2016



**Report on Compliance For Each Major Federal Program and Report on
Internal Control Over Compliance Required by
The Uniform Guidance**

Independent Auditors' Report

**The Honorable Mayor and the Common Council
of the City of Glen Cove, New York**

Report on Compliance for Each Major Federal Program

We have audited the City of Glen Cove, New York's ("City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
August 9, 2016

City of Glen Cove, New York

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Sub- Recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>				
Indirect Program - Passed through Community Development Agency				
Community Development Block Grant	14.218	CQHI15000020	\$ -	\$ 7,000
<u>U.S. Department of Transportation</u>				
Indirect Program - Passed through New York State Department of Transportation				
Highway Planning and Construction	20.205	D032012	-	501,470
<u>U.S. Department of Environmental Protection</u>				
Direct - EPA Region 2				
Special Projects - Mill Pond Water Infrastructure	66.202	XP-97205411-0		220,552
<u>U.S. Department of Health and Human Services</u>				
Indirect Programs - Passed through Nassau County				
<i>Aging Cluster</i>				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	CQHS15000022	-	122,601
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	CQHS15000022	-	138,591
			-	261,192
National Family Caregiver Support	93.052	CQHS15000022	-	79,503
Total U.S. Department of Health and Human Services			-	340,695
<u>U.S. Department of Homeland Security</u>				
Indirect Program - Passed through the Division of Homeland Security and Emergency Services				
Disaster Grants - Public Assistance	97.036	059-29113-00	-	11,790
Total			\$ -	\$ 1,081,507

(1) Catalog of Federal Domestic Assistance number.

See independent auditors' report and notes to schedule of expenditures of federal awards

City of Glen Cove, New York

Notes to Schedule of Expenditures of Federal Awards December 31, 2015

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Glen Cove ("City") under programs of the federal government for the year ended December 31, 2015. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through entity identification numbers are presented where available.

City of Glen Cove, New York

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2015

None

City of Glen Cove, New York

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2015**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor report the auditor
issued on whether the financial statements audited
were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are
not considered to be material weaknesses?

____ Yes X No

____ Yes X None reported

Noncompliance material to financial statements
noted?

____ Yes X No

Federal Awards

Internal Control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are
not considered to be material weakness(es)?

____ Yes X No

____ Yes X None reported

Type of auditor's report issued on compliance
for major federal programs

Unmodified

Any audit findings disclosed that are
required to be reported in accordance with
2 CFR 200.516(a)?

____ Yes X No

Identification of major federal programs

CFDA Number(s)

Name of Federal Program or Cluster

66.202

Congressionally Mandated Projects

Dollar threshold used to distinguish
between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes ____ No

City of Glen Cove, New York

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2015

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None